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Given the fact that the Resort Towers are currently being managed by a professional manager and taking into account that if the Subscriber exercises the Conversion Rights, it will hold 95% of the equity interest in the Target, the Board considers that the Management Agreement and the Shareholders' Agreement will be no longer necessary after full conversion of the Convertible Bonds and the termination of the Management Agreement and the Shareholders' Agreement will reduce the operation costs and improve the operation efficiency of the Target Group.

It was therefore agreed under the Supplemental Letter that upon full conversion of the Convertible Bonds, (i) the Company shall enter into and procure Karuizawa Holdings to enter into a deed of termination (in the form and substance satisfactory to the Subscriber) to terminate the Management Agreement with immediate effect; and (ii) the Company and the Subscriber shall enter into and the Company shall procure Key Vision to enter into a deed of termination (in the form and substance satisfactory to the Subscriber) to terminate the Shareholders' Agreement with immediate effect.

Pursuant to the terms and conditions of the Convertible Bonds, the Target shall pay the accrued interest of HK\$10,902,800 to the Subscriber on 30 September 2016. In consideration of the possible conversion of the Convertible Bonds, it was agreed under the Supplemental Letter that the due date of the payment of such accrued interest be extended from 30 September 2016 to 31 March 2017.

The Board considers that the terms of the Supplemental Letter are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and the Supplemental Letter does not constitute a material change of the terms of the Subscription Agreement or the Convertible Bonds.

The Board is considering exercising all of the Conversion Rights on or before 31 December 2016. In case the Subscriber has exercised the Conversion Rights in full, a further announcement will be made by the Company.

By order of the Board  
**DeTai New Energy Group Limited**  
**Wong Hin Shek**  
*Chairman and Executive Director*

Hong Kong, 1 November 2016

*As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth; the non-executive Director is Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.*