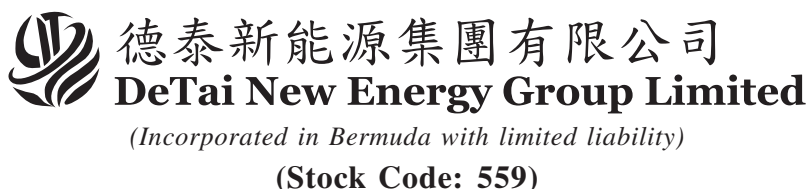


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in DeTai New Energy Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**(1) PROPOSED TRANSFER OF CONVERTIBLE PREFERENCE SHARES
TO CAPITAL FARM LIMITED AND
JOVIAL SKY INVESTMENTS LIMITED;**
**(2) PROPOSED TRANSFER OF CONVERTIBLE PREFERENCE SHARES
TO NEW HYDE INVESTMENTS LIMITED AND WOLFVIEW LIMITED;
AND**
(3) NOTICE OF SPECIAL GENERAL MEETING

A notice convening a special general meeting (the “SGM”) of the Company to be held at Unit 4202, 42/F., The Center, 99 Queen’s Road Central, Hong Kong on Friday, 2 December 2016 at 11:00 a.m. is set out on pages 40 to 42 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

16 November 2016

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX — TERMS OF CONVERTIBLE PREFERENCE SHARES	21
NOTICE OF SGM	40

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“2013 Acquisition”	acquisition of the entire issued share capital of the 2013 Target Company in accordance with the terms of the 2013 Acquisition Agreement, details of which were disclosed in the 2013 Circular
“2013 Acquisition Agreement”	the agreement dated 1 November 2012 (as amended and supplemented by the supplemental agreement dated 23 January 2013) entered into between the Investor as purchaser, the Company as the Investor’s holding company, the Counterparty as vendor, and the Guarantor as guarantor in relation to the sale and purchase of the entire issued share capital of the 2013 Target Company
“2013 Announcement”	the announcement of the Company dated 22 April 2013 in relation to, among others, completion of the 2013 Acquisition and the allotment and issue of the Convertible Preference Shares
“2013 Circular”	the circular of the Company dated 8 February 2013 in relation to, among others, the 2013 Acquisition and the allotment and issue of the Convertible Preference Shares
“2013 SGM”	the special general meeting of the Company held on 4 March 2013 to approve, among others, the 2013 Acquisition and the allotment and issuance of the Convertible Preference Shares
“2013 Target Company”	Total Grand Investments Limited (顯赫投資有限公司), a company incorporated in the BVI with limited liability
“2013 Target Group”	the 2013 Target Company and its subsidiaries
“Additional Second CPS Transfer”	the proposed transfer of 136,665,238 Convertible Preference Shares to the Second Purchasers under the Additional Second CPS Transfer Agreement
“Additional Second CPS Transfer Agreement”	the agreement for the transfer of 136,665,238 Convertible Preference Shares dated 28 October 2016 and entered into between the Company of the one part and the Second Purchasers of the other part
“Announcement”	the announcement of the Company dated 28 October 2016 in respect of the Additional Second CPS Transfer and the Third CPS Transfer

DEFINITIONS

“April Announcement”	the announcement of the Company dated 14 April 2016 in relation to, among others, the failure to meet the profit guarantee given by the Guarantor and the Counterparty under the 2013 Acquisition Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Capital Farm”	Capital Farm Limited, a company incorporated in the BVI with limited liability, being one of the Second Purchasers
“Company”	DeTai New Energy Group Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Shares”	the new Share(s) credited as fully paid to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Preference Shares
“Convertible Preference Share(s)”	unlisted convertible preference shares of the notional value of HK\$0.21 each in the share capital of the Company
“Counterparty”	Goldsure Limited (金信有限公司), a company incorporated in the BVI with limited liability which is wholly-owned by the Guarantor
“Director(s)”	the director(s) of the Company
“EPS Acquisition Agreement”	the agreement dated 29 July 2016 entered into between Perfect Essential Holdings Limited, a direct wholly-owned subsidiary of the Company, as purchaser and Quondino Holdings Limited, Robert Dwayne Leslie, Juralen Holdings Limited, Lestan Holdings Limited, Xerigue Holdings Limited, Rem Tene AB, Perfero AB and Per Pedes AB as vendors in relation to the acquisition of the entire issued share capital of Emission Particle Solution Sweden AB, further details of which are set out in the announcement of the Company dated 29 July 2016

DEFINITIONS

“First CPS Transfer”	the proposed transfer of 651,430,000 Convertible Preference Shares in aggregate to Mr. Zhu Yongjun and Jumbo Grand Enterprise Development Limited under the convertible preference shares transfer agreement dated 13 September 2016 and entered into between the Company of the one part and Mr. Zhu Yongjun and Jumbo Grand Enterprise Development Limited of the other part
“First CPS Transfer Circular”	the circular of the Company dated 7 October 2016 in relation to the First CPS Transfer
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. 唐通 (in English, for identification purpose only, Mr. Tang Tong)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of the Group and its connected persons in accordance with the Listing Rules
“Investor”	Max June Limited (萬津有限公司), a company incorporated in the BVI with limited liability which is a wholly-owned subsidiary of the Company
“Jovial Sky”	Jovial Sky Investments Limited, a company incorporated in the BVI with limited liability, being one of the Second Purchasers
“Latest Practicable Date”	14 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2016 or such other date as the parties to the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement may agree in writing
“New Hyde”	New Hyde Investments Limited, a company incorporated in the BVI with limited liability, being one of the Third Purchasers

DEFINITIONS

“October Announcement”	the announcement of the Company dated 7 October 2016 in respect of the Second CPS Transfer
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second CPS Transfer”	the proposed transfer of 100,000,000 Convertible Preference Shares in aggregate to the Second Purchasers under the convertible preference shares transfer agreement dated 7 October 2016 and entered into between the Company of the one part and the Second Purchasers of the other part
“Second CPS Transfer Agreement”	the agreement for the Second CPS Transfer dated 7 October 2016 and entered into between the Company of the one part and the Second Purchasers of the other part
“Second Purchaser(s)”	together, Capital Farm and Jovial Sky, being the purchasers under the Second CPS Transfer Agreement and the Additional Second CPS Transfer Agreement
“SEK”	Swedish Krona, the lawful currency of Sweden
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement, the Third CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Transfers
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Merger
“Third CPS Transfer”	the proposed transfer of 350,000,000 Convertible Preference Shares to the Third Purchasers under the Third CPS Transfer Agreement
“Third CPS Transfer Agreement”	the agreement for the Third CPS Transfer dated 28 October 2016 and entered into between the Company of the one part and the Third Purchasers of the other part

DEFINITIONS

“Third Purchaser(s)”	together, New Hyde and Wolfview, being the purchasers under the Third CPS Transfer Agreement
“Total Net Profits”	the total net profits of the 2013 Target Group after tax calculated on a consolidated basis for the financial years ended 31 December 2013, 2014 and 2015
“Transfers”	the Second CPS Transfer, the Additional Second CPS Transfer and the Third CPS Transfer
“Transfer Price 1”	the transfer price of HK\$0.24 per Convertible Preference Share
“Transfer Price 2”	the transfer price of HK\$0.233 per Convertible Preference Share
“Wolfview”	Wolfview Limited, a company incorporated in the BVI with limited liability, being one of the Third Purchasers

For ease of reference and unless otherwise specified in this circular, sums in HK\$ and SEK in this circular have been translated at the rate SEK1.0 = HK\$0.8570. This does not mean that HK\$ could be converted into SEK, or vice versa, based on such exchange rate.

LETTER FROM THE BOARD



德泰新能源集團有限公司
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

Executive Directors:

Mr. Wong Hin Shek (*Chairman*)
Mr. Chi Chi Hung Kenneth
(*Chief executive officer*)

Non-executive Director:

Mr. Chui Kwong Kau

Independent non-executive Directors:

Mr. Chiu Wai On
Mr. Man Kwok Leung
Dr. Wong Yun Kuen

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

12/F., Henley Building
5 Queen's Road Central
Hong Kong

16 November 2016

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED TRANSFER OF CONVERTIBLE PREFERENCE SHARES
TO CAPITAL FARM LIMITED AND
JOVIAL SKY INVESTMENTS LIMITED;**
**(2) PROPOSED TRANSFER OF CONVERTIBLE PREFERENCE SHARES
TO NEW HYDE INVESTMENTS LIMITED AND WOLFVIEW LIMITED;
AND**
(3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the October Announcement and the Announcement, in which the Board announced that (i) on 7 October 2016 (after trading hours), the Company entered into the Second CPS Transfer Agreement with the Second Purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the Second Purchasers have agreed to purchase 100,000,000 Convertible Preference Shares in aggregate at the Transfer Price 1 of HK\$0.24 per Convertible Preference Share; (ii) on 28 October 2016 (after trading hours), the Company entered into the Additional Second CPS Transfer Agreement with the Second Purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the Second Purchasers have conditionally agreed to purchase additional 136,665,238 Convertible Preference Shares in aggregate at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share; and (iii) on 28 October 2016 (after trading hours), the Company entered into the Third CPS Transfer Agreement with the Third Purchasers, pursuant

LETTER FROM THE BOARD

to which the Company has conditionally agreed to procure the sale of and the Third Purchasers have agreed to purchase 350,000,000 Convertible Preference Shares in aggregate at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share.

The purpose of this circular is to provide you with, among others, (i) further details of the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement, the Third CPS Transfer Agreement and the transactions respectively contemplated thereunder, including but not limited to the Transfers; and (ii) the notice convening the SGM.

Reference is also made to (i) the announcements of the Company dated 13 September 2016 and 27 October 2016; and (ii) the circular of the Company dated 7 October 2016 in relation to the First CPS Transfer.

Background

As announced in the 2013 Announcement, completion of the 2013 Acquisition took place on 22 April 2013 and as a result of completion, the Group has paid the consideration in the sum of HK\$260,000,000 by the allotment and issue of 1,238,095,238 Convertible Preference Shares by the Company to the Counterparty.

As disclosed in the April Announcement, the 2013 Target Group incurred a net loss of aggregate amount of approximately HK\$38,000,000 (equivalent to approximately RMB32,000,000 as at the date of the April Announcement) for the three financial years ended 31 December 2015. Pursuant to the terms of the 2013 Acquisition Agreement, the Counterparty shall not be entitled to any Convertible Preference Shares.

As disclosed in the 2013 Circular, the excess of the Convertible Preference Shares which are not released to the Counterparty or its nominee(s) as a result of the aforesaid downward adjustment is expected to be sold by the Company in such ways subject to compliance with all applicable rules and regulations and be subject to Shareholders' approval if the Company shall decide on the dealing mechanism, in particular, the sale terms of such Convertible Preference Shares.

As disclosed in the circular of the Company dated 7 October 2016, the Company has proposed to transfer 651,430,000 Convertible Preference Shares in aggregate to Mr. Zhu Yongjun and Jumbo Grand Enterprise Development Limited under the First CPS Transfer. The proposed First CPS Transfer was approved by the Shareholders at the special general meeting held on 27 October 2016.

SECOND CPS TRANSFER AGREEMENT AND ADDITIONAL SECOND CPS TRANSFER AGREEMENT

On 7 October 2016 (after trading hours), the Company entered into the Second CPS Transfer Agreement with the Second Purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the Second Purchasers have agreed to purchase 100,000,000 Convertible Preference Shares in aggregate at the Transfer Price 1 of HK\$0.24 per Convertible Preference Share.

LETTER FROM THE BOARD

On 28 October 2016 (after trading hours), the Company entered into the Additional Second CPS Transfer Agreement with the Second Purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the Second Purchasers have conditionally agreed to purchase additional 136,665,238 Convertible Preference Shares in aggregate at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share.

Date:

Second CPS Transfer Agreement: 7 October 2016 (after trading hours)

Additional Second CPS Transfer Agreement: 28 October 2016 (after trading hours)

Parties:

- (1) the Company; and
- (2) Capital Farm and Jovial Sky, being the Second Purchasers

Each of Capital Farm and Jovial Sky is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Capital Farm and Jovial Sky are Independent Third Parties and are independent of the purchasers under the First CPS Transfer and the Third CPS Transfer. As at the Latest Practicable Date, the Second Purchasers, their ultimate beneficial owners and their respective associates did not hold any Shares.

Convertible Preference Shares to be transferred under the Second CPS Transfer Agreement

Subject to the fulfilment (or as the case may be, waiver) of the conditions of the Second CPS Transfer and the terms of the Second CPS Transfer Agreement:

- (1) the Company has agreed to procure the sale of and Capital Farm has agreed to purchase 50,000,000 Convertible Preference Shares at the Transfer Price 1 of HK\$0.24 per Convertible Preference Share; and
- (2) the Company has agreed to procure the sale of and Jovial Sky has agreed to purchase 50,000,000 Convertible Preference Shares at the Transfer Price 1 of HK\$0.24 per Convertible Preference Share.

Convertible Preference Shares to be transferred under the Additional Second CPS Transfer Agreement

Subject to the fulfilment (or as the case may be, waiver) of the conditions of the Additional Second CPS Transfer and the terms of the Additional Second CPS Transfer Agreement:

- (1) the Company has agreed to procure the sale of and Capital Farm has agreed to purchase 68,332,619 Convertible Preference Shares at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share; and

LETTER FROM THE BOARD

- (2) the Company has agreed to procure the sale of and Jovial Sky has agreed to purchase 68,332,619 Convertible Preference Shares at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share.

As at the Latest Practicable Date:

- (1) the 236,665,238 Convertible Preference Shares to be transferred under the Second CPS Transfer Agreement and the Additional Second CPS Transfer Agreement represent approximately 19.12% of the total number of the Convertible Preference Shares in issue; and
- (2) the 236,665,238 Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the 236,665,238 Convertible Preference Shares represent approximately 5.28% of the existing issued share capital of the Company and approximately 4.13% of the enlarged issued share capital of the Company immediately following the allotment and issue of the 1,238,095,238 Conversion Shares, being the aggregate of the 236,665,238 Convertible Preference Shares under the Second CPS Transfer and the Additional Second CPS Transfer, the 350,000,000 Convertible Preference Shares under the Third CPS Transfer and the 651,430,000 Convertible Preference Shares under the First CPS Transfer.

The total notional value of the 236,665,238 Convertible Preference Shares to be transferred under the Second CPS Transfer Agreement and the Additional Second CPS Transfer Agreement is approximately HK\$49,699,700.

Transfer Price 1

The Transfer Price 1 of HK\$0.24 per Convertible Preference Share represents:

- (1) a discount of approximately 15.79% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on 7 October 2016, being the date of the Second CPS Transfer Agreement;
- (2) a discount of approximately 20.53% to the average of the closing prices of HK\$0.302 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Second CPS Transfer Agreement; and
- (3) a discount of approximately 20.53% over the average of the closing prices of HK\$0.302 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Second CPS Transfer Agreement.

LETTER FROM THE BOARD

The Transfer Price 1 was arrived at after arm's length negotiations between the Company and each of the Second Purchasers with reference to the recent trading price of the Shares and the notional value of HK\$0.21 of the Convertible Preference Shares. The aggregate Transfer Price 1 will be payable by each of the Second Purchasers in cash at completion of the Second CPS Transfer.

The Transfer Price 2 of HK\$0.233 per Convertible Preference Share represents:

- (1) a discount of approximately 19.66% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 28 October 2016, being the date of the Additional Second CPS Transfer Agreement;
- (2) a discount of approximately 16.49% to the average of the closing prices of HK\$0.279 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Additional Second CPS Transfer Agreement; and
- (3) a discount of approximately 14.34% over the average of the closing prices of HK\$0.272 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Additional Second CPS Transfer Agreement.

The Transfer Price 2 was arrived at after arm's length negotiations between the Company and each of the Second Purchasers with reference to the recent trading price of the Shares and the notional value of HK\$0.21 of the Convertible Preference Shares. The aggregate Transfer Price 2 will be payable by each of the Second Purchasers in cash at completion of the Additional Second CPS Transfer.

Conditions precedent to the Second CPS Transfer

Completion of the Second CPS Transfer to Capital Farm and Jovial Sky are respectively conditional upon:

- (1) the passing of the necessary resolution by the Shareholders at the SGM to approve the Second CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Second CPS Transfer;
- (2) the representations, warranties and undertakings given by the Company under the Second CPS Transfer Agreement remaining true and accurate in all material respects;
- (3) the representations, warranties and undertakings given by the Second Purchasers under the Second CPS Transfer Agreement remaining true and accurate in all material respects;
- (4) all necessary consents and approvals as may be required in respect of the Second CPS Transfer Agreement and the transactions contemplated hereunder having been obtained by the Company; and
- (5) the EPS Acquisition Agreement having become unconditional and not being terminated in accordance with its terms.

LETTER FROM THE BOARD

The Company shall use its best endeavours to procure that conditions (1), (2), (4) and (5) above are satisfied not later than the Long Stop Date. The Second Purchasers shall use their best endeavours to procure that condition (3) above is satisfied not later than the Long Stop Date. The Company may in its absolute discretion at any time waive condition (3) above by notice to the Second Purchasers in writing. The Second Purchasers may in its absolute discretion at any time waive condition (2) by notice to the Company in writing. Neither the Company nor the Second Purchasers may waive any of conditions (1), (4) and (5) above.

If the above conditions precedent shall not have been satisfied (or as the case may be, waived) at or before 5:00 p.m. on the Long Stop Date, all rights, obligations and liabilities of the parties to the Second CPS Transfer Agreement shall cease and terminate and none of the parties shall have any claim against any other hereunder save for any antecedent breaches of the Second CPS Transfer Agreement.

If either Capital Farm or Jovial Sky has waived condition (2) which has not been waived by the other Second Purchaser and all the remaining conditions precedent in respect of the Second Purchaser who has waived condition (2) has been satisfied or waived, completion of the Second CPS Transfer shall take place for such Second Purchaser.

Completion of the Second CPS Transfer is not conditional upon completion of the First CPS Transfer, the Additional Second CPS Transfer and the Third CPS Transfer.

Conditions precedent to the Additional Second CPS Transfer

Completion of the Additional Second CPS Transfer to Capital Farm and Jovial Sky are respectively conditional upon:

- (1) the passing of the necessary resolution by the Shareholders at the SGM to approve the Additional Second CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Additional Second CPS Transfer;
- (2) the representations, warranties and undertakings given by the Company under the Additional Second CPS Transfer Agreement remaining true and accurate in all material respects;
- (3) the representations, warranties and undertakings given by the Second Purchasers under the Additional Second CPS Transfer Agreement remaining true and accurate in all material respects;
- (4) all necessary consents and approvals as may be required in respect of the Additional Second CPS Transfer Agreement and the transactions contemplated hereunder having been obtained by the Company; and
- (5) the EPS Acquisition Agreement having become unconditional and not being terminated in accordance with its terms.

LETTER FROM THE BOARD

The Company shall use its best endeavours to procure that conditions (1), (2), (4) and (5) above are satisfied not later than the Long Stop Date. The Second Purchasers shall use their best endeavours to procure that condition (3) above is satisfied not later than the Long Stop Date. The Company may in its absolute discretion at any time waive condition (3) above by notice to the Second Purchasers in writing. The Second Purchasers may in its absolute discretion at any time waive condition (2) by notice to the Company in writing. Neither the Company nor the Second Purchasers may waive any of conditions (1), (4) and (5) above.

If the above conditions precedent shall not have been satisfied (or as the case may be, waived) at or before 5:00 p.m. on the Long Stop Date, all rights, obligations and liabilities of the parties to the Additional Second CPS Transfer Agreement shall cease and terminate and none of the parties shall have any claim against any other hereunder save for any antecedent breaches of the Additional Second CPS Transfer Agreement.

If either Capital Farm or Jovial Sky has waived condition (2) which has not been waived by the other Second Purchaser and all the remaining conditions precedent in respect of the Second Purchaser who has waived condition (2) has been satisfied or waived, completion of the Additional Second CPS Transfer shall take place for such Second Purchaser.

Completion of the Additional Second CPS Transfer is not conditional upon completion of the First CPS Transfer, the Second CPS Transfer and the Third CPS Transfer.

Completion

Subject to fulfillment (or as the case may be, waiver) of the conditions precedent, completion of the Second CPS Transfer and/or the Additional Second CPS Transfer shall take place on the date falling on the third Business Day after the fulfillment (or as the case may be, waiver) of the conditions precedent or such other date as the parties to the Second CPS Transfer Agreement and the Additional Second CPS Transfer Agreement may agree.

THIRD CPS TRANSFER AGREEMENT

On 28 October 2016 (after trading hours), the Company entered into the Third CPS Transfer Agreement with the Third Purchasers, pursuant to which the Company has conditionally agreed to procure the sale of and the Third Purchasers have agreed to purchase 350,000,000 Convertible Preference Shares in aggregate at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share.

Date:

28 October 2016 (after trading hours)

Parties:

- (1) the Company; and
- (2) New Hyde and Wolfview, being the Third Purchasers

Each of New Hyde and Wolfview is principally engaged in investment holdings.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, New Hyde and Wolfview are Independent Third Parties and are independent of the purchasers under the First CPS Transfer and the Second CPS Transfer. As at the Latest Practicable Date, the Third Purchasers, their ultimate beneficial owners and their respective associates did not hold any Shares.

Convertible Preference Shares to be transferred under the Third CPS Transfer Agreement

Subject to the fulfilment (or as the case may be, waiver) of the conditions of the Third CPS Transfer and the terms of the Third CPS Transfer Agreement:

- (1) the Company has agreed to procure the sale of and New Hyde has agreed to purchase 175,000,000 Convertible Preference Shares at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share; and
- (2) the Company has agreed to procure the sale of and Wolfview has agreed to purchase 175,000,000 Convertible Preference Shares at the Transfer Price 2 of HK\$0.233 per Convertible Preference Share.

Conditions precedent

Completion of the Third CPS Transfer to New Hyde and Wolfview are respectively conditional upon:

- (1) the passing of the necessary resolution by the Shareholders at the SGM to approve the Third CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Third CPS Transfer;
- (2) the representations, warranties and undertakings given by the Company under the Third CPS Transfer Agreement remaining true and accurate in all material respects;
- (3) the representations, warranties and undertakings given by the Third Purchasers under the Third CPS Transfer Agreement remaining true and accurate in all material respects;
- (4) all necessary consents and approvals as may be required in respect of the Third CPS Transfer Agreement and the transactions contemplated hereunder having been obtained by the Company; and
- (5) all the conditions precedent to completion of the acquisition under the EPS Acquisition Agreement having been fulfilled or waived (as the case may be) and the EPS Acquisition Agreement not being terminated in accordance with its terms.

The Company shall use its best endeavours to procure that conditions (1), (2), (4) and (5) above are satisfied not later than the Long Stop Date. The Third Purchasers shall use their best endeavours to procure that condition (3) above is satisfied not later than the Long Stop Date. The Company may in its absolute discretion at any time waive condition (3) above by notice to

LETTER FROM THE BOARD

the Third Purchasers in writing. Each of the Third Purchasers may with respect to the Third CPS Transfer itself in their absolute discretion at any time waive conditions (2) and (5) above by notice to the Company in writing. Neither the Company nor the Third Purchasers may waive any of conditions (1) and (4) above.

If the above conditions precedent shall not have been satisfied (or as the case may be, waived) at or before 5:00 p.m. on the Long Stop Date, all rights, obligations and liabilities of the parties to the Third CPS Transfer Agreement shall cease and terminate and none of the parties shall have any claim against any other hereunder save for any antecedent breaches of the Third CPS Transfer Agreement.

If either New Hyde or Wolfview has waived conditions (2) and/or (5) which have not been waived by the other Third Purchaser and all the remaining conditions precedent in respect of the Third Purchaser who has waived conditions (2) and/or (5) have been satisfied or waived, completion shall take place for such Third Purchaser.

Completion of the Third CPS Transfer is not conditional upon completion of any of the First CPS Transfer, the Second CPS Transfer and the Additional Second CPS Transfer.

Completion

Subject to fulfillment (or as the case may be, waiver) of the conditions precedent, completion of the Third CPS Transfer shall take place on the date falling on the seventh Business Day after the fulfillment (or as the case may be, waiver) of the conditions precedent or such other date as the parties to the Third CPS Transfer Agreement may agree.

As at the Latest Practicable Date:

- (1) the 350,000,000 Convertible Preference Shares to be transferred under the Third CPS Transfer Agreement represent approximately 28.27% of the total number of the Convertible Preference Shares in issue; and
- (2) the 350,000,000 Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the 350,000,000 Convertible Preference Shares represent approximately 7.80% of the existing issued share capital of the Company and approximately 6.12% of the enlarged issued share capital of the Company immediately following the allotment and issue of the 1,238,095,238 Conversion Shares, being the aggregate of the 486,665,238 Convertible Preference Shares under the Additional Second CPS Transfer and the Third CPS Transfer, the 651,430,000 Convertible Preference Shares under the First CPS Transfer and the 100,000,000 Convertible Preference Shares under the Second CPS Transfer.

The total notional value of the 350,000,000 Convertible Preference Shares to be transferred under the Third CPS Transfer Agreement is approximately HK\$73,500,000.

LETTER FROM THE BOARD

Transfer Price 2

The Transfer Price 2 of HK\$0.233 per Convertible Preference Share represents:

- (1) a discount of approximately 19.66% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 28 October 2016, being the date of the Third CPS Transfer Agreement;
- (2) a discount of approximately 16.49% to the average of the closing prices of HK\$0.279 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Third CPS Transfer Agreement; and
- (3) a discount of approximately 14.34% over the average of the closing prices of HK\$0.272 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Third CPS Transfer Agreement.

The Transfer Price 2 was arrived at after arm's length negotiations between the Company and each of the Third Purchasers with reference to the recent trading price of the Shares and the notional value of HK\$0.21 of the Convertible Preference Shares. The aggregate Transfer Price 2 will be payable by each of the Third Purchasers in cash at completion of the Third CPS Transfer.

PRINCIPAL TERMS OF THE CONVERTIBLE PREFERENCE SHARES

The principal terms of the Convertible Preference Shares are as follows:

- Issuer: the Company
- Conversion price: initially, each Convertible Preference Share of the notional value of HK\$0.21 shall be convertible into one new Share, subject to adjustments in the customary manner, including share consolidations, share subdivision, capitalisation issues, capital distributions, rights issues and issues of other securities for cash
- Ranking: the Convertible Preference Shares shall rank (i) in priority to the ordinary Shares and any other class of shares as to return of capital on liquidation and (ii) pari passu with ordinary shares of the Company as to any dividends accumulated on the Convertible Preference Shares
- Dividend: holder of Convertible Preference Shares shall be entitled to the dividends that would be paid with respect to the Shares on an "as converted" basis
- Voting right: holders of the Convertible Preference Shares (in their capacity as such) will not be permitted to attend or vote at meetings of the Company, unless a resolution is proposed to vary the rights of holders of the Convertible Preference Shares or a resolution is proposed for the winding up of the Company

LETTER FROM THE BOARD

- Transferability:** the Convertible Preference Shares may be transferred to any transferee provided that (i) the relevant holders of the Convertible Preference Shares shall seek prior consent from the Company and (ii) if such transfer is to be made to a connected person (as defined under the Listing Rules) of the Company, such transfer shall comply with the requirements under the Listing Rules and/or other requirements imposed by relevant regulatory authority
- Redemption:** neither the Company nor any holder of the Convertible Preference Shares shall have any right to redeem the Convertible Preference Shares
- Conversion period:** in respect of any Convertible Preference Shares, any time commencing from 3:00 p.m. (Hong Kong time) on the Business Day immediately after the date of issue of such Convertible Preference Shares and up to 4:00 p.m. (Hong Kong time) on the date of all Convertible Preference Shares being converted or purchased in full (or such earlier date as may be required under the statutes). Subject to the aforesaid, there is no limit on the conversion period in respect of the Convertible Preference Shares
- Listing:** the Convertible Preference Shares will not be listed on the Stock Exchange or any other stock exchange. The listing of, and permission to deal in, the Conversion Shares have been granted by the Stock Exchange
- Conversion restriction:** no conversion right attaching to the Convertible Preference Shares shall take place if (1) to do so would result in the Conversion Shares being issued at a price below their nominal value as at the applicable conversion date; (2) to the extent that following such exercise, the relevant holders of the Convertible Preference Shares and parties acting in concert with any of them, taken together, will be required to make a mandatory offer for all issued securities of the Company pursuant to the Takeovers Code; (3) to the extent that following such exercise, the relevant holders of the Convertible Preference Shares and parties acting in concert with it, taken together, will hold equal to or exceed 20% of the issued share capital of the Company; or (4) if immediately after such conversion, the public float of the shares of the Company falls below the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange

Further details of the terms of the Convertible Preference Shares are set out in the Appendix to this circular.

The Conversion Shares will be allotted and issued pursuant to the specific mandate granted by the Shareholders at the 2013 SGM.

LETTER FROM THE BOARD

EFFECT OF THE TRANSFERS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attached to the 1,238,095,238 Convertible Preference Shares in full, being the aggregate of 100,000,000 Convertible Preference Shares under the Second CPS Transfer, the 136,665,238 Convertible Preference Shares under the Additional Second CPS Transfer, the 350,000,000 Convertible Preference Shares under the Third CPS Transfer and the 651,430,000 Convertible Preference Shares under the First CPS Transfer, assuming that there is no adjustment to the Conversion Preference Shares or other change in the share capital of the Company, are set out below:

	As at the Latest Practicable Date		Immediately upon completion and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attached to the Convertible Preference Shares in full	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Directors				
Chi Chi Hung, Kenneth	23,000,000	0.51	23,000,000	0.40
Chui Kwong Kau	660,000	0.01	660,000	0.01
Substantial Shareholders				
Choy Shiu Tim (<i>Note 1</i>)	1,300,007,125	28.99	1,300,007,125	22.71
Mr. Zhu Yongjun (<i>Note 2</i>)	3,000,000	0.07	83,000,000	1.45
Jumbo Grand Enterprise Development Limited (<i>Note 2</i>)	—	—	571,430,000	9.98
Public Shareholders				
Capital Farm	—	—	118,332,619	2.07
Jovial Sky	—	—	118,332,619	2.07
New Hyde	—	—	175,000,000	3.06
Wolfview	—	—	175,000,000	3.06
Other public shareholders	3,158,746,775	70.42	3,158,746,775	55.19
Total	<u>4,485,413,900</u>	<u>100.00</u>	<u>5,723,509,138</u>	<u>100.00</u>

Notes:

- In respect of 1,300,007,125 Shares in which Mr. Choy Shiu Tim is interested, 180,000,000 Shares are directly held by him and 1,120,007,125 Shares are held through Intense Rise Holdings Limited which is wholly-owned by him.
- Jumbo Grand Enterprise Development Limited is wholly-owned by Mr. Zhu Yongjun.

LETTER FROM THE BOARD

REASONS FOR THE TRANSFERS AND USE OF PROCEEDS

The Group is principally engaged in the businesses of manufacturing and trading of electric cycles, trading and distribution of liquor and wine, provision of money lending services and investments in listed securities.

As disclosed in the announcement dated 29 July 2016 of the Company, on 29 July 2016, the Group entered into the EPS Acquisition Agreement, pursuant to which the Group has conditionally agreed to acquire the entire issued share capital of Emission Particle Solution Sweden AB that is principally engaged in the development, manufacturing and distribution of a fuel additive product namely EuroAd which can reduce fuel consumption and environmental impact. Completion of the EPS Acquisition Agreement is conditional upon, among others, fund raising exercise or corporate financing with proceeds (or amount) of not less than HK\$221,000,000 to be conducted by the Company having becoming unconditional. As disclosed in the announcement dated 13 September 2016 and the circular dated 7 October 2016 of the Company in relation to the First CPS Transfer, and the announcement dated 7 October 2016 of the Company in relation to the Second CPS Transfer, all of the net proceeds from the First CPS Transfer and the Second CPS Transfer will be used to settle part of the consideration of the acquisition of Emission Particle Solution Sweden AB.

The aggregate gross proceeds from the Second CPS Transfer will be HK\$24,000,000. The aggregate net proceeds from the Second CPS Transfer, after deduction of the related expenses, will be approximately HK\$23,500,000, representing a net transfer price of approximately HK\$0.235 per Convertible Preference Share.

The aggregate gross proceeds from the Additional Second CPS Transfer and the Third CPS Transfer will be HK\$113,393,000. The aggregate net proceeds from the Additional Second CPS Transfer and the Third CPS Transfer, after deduction of the related expenses, will be approximately HK\$112,893,000, representing a net transfer price of approximately HK\$0.232 per Convertible Preference Share.

The aggregate gross proceeds from the transfer of the Convertible Preference Shares will be approximately HK\$274,193,300. The aggregate net proceeds from the transfer of the Convertible Preference Shares, after deduction of the related expenses, are estimated to be approximately HK\$272,693,300. The consideration of the acquisition of Emission Particle Solution Sweden AB is SEK239,000,000 (equivalent to approximately HK\$204,823,000). After the settlement of all the consideration of the acquisition of Emission Particle Solution Sweden AB, the remaining net proceeds from the transfer of the Convertible Preference Shares (assuming there is no appreciation of SEK) amounting to approximately HK\$67,870,000 will be used as general working capital of the Group as enlarged by the acquisition of Emission Particle Solution Sweden AB. If there is any appreciation of SEK against HK\$, the amount of expected remaining net proceeds will decrease.

Reference is made to the announcement dated 6 October 2016 of the Company, in relation to the placing of bonds in an aggregate principal amount of up to HK\$100,000,000. As at the Latest Practicable Date, no such bonds had been placed and no proceeds had been received by the Company.

LETTER FROM THE BOARD

The Directors consider that the Transfers, together with the First CPS Transfer, will facilitate the realisation of the Convertible Preference Shares to compensate the Group for the failure to meet the Total Net Profits in the sum of RMB300,000,000 by the 2013 Target Group and allow the Group to raise fund to satisfy the consideration of the acquisition under the EPS Acquisition Agreement. As such, the Directors (including the independent non-executive Directors) consider that the terms of the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Upon completion of the First CPS Transfer, the Second CPS Transfer, the Additional Second CPS Transfer and the Third CPS Transfer, all the Convertible Preference Shares will have been realised by the Company.

FUND RAISING EXERCISE IN THE PRECEDING 12-MONTH PERIOD

Set out below is the equity fund raising activity (except for the Transfers, the details of which are set out in this circular) conducted by the Company in the past twelve months immediately preceding the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
13 September 2016	Transfer of 651,430,000 Convertible Preference Shares at the transfer price of HK\$0.21 per Convertible Preference Share	Up to HK\$136,300,300	Used to settle part of the consideration of the acquisition of Emission Particle Solution Sweden AB	The transfer has not been completed yet

SGM

A notice convening the SGM to be held at Unit 4202, 42/F., The Center, 99 Queen's Road Central, Hong Kong on Friday, 2 December 2016 at 11:00 a.m. is set out on pages 40 to 42 of this circular for the purpose of considering and, if thought fit, passing the resolutions approving the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Transfers.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours

LETTER FROM THE BOARD

before the time appointed for holding the SGM or at any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM, or at any adjournment thereof (as the case may be) if you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Directors and Shareholders have material interest in the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement and the transactions contemplated thereunder and no Shareholders are required to abstain from voting at the SGM approving the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Transfers.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except for purely procedural or administrative matters. Accordingly, the proposed resolutions will be put to vote by way of poll at the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement and the transactions respectively contemplated thereunder, including but not limited to the Transfers are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Second CPS Transfer Agreement, the Additional Second CPS Transfer Agreement and the Third CPS Transfer Agreement and the transactions respectively contemplated thereunder, including but not limited to the Transfers.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
DeTai New Energy Group Limited
Wong Hin Shek
Chairman and Executive Director

The terms of the Convertible Preference Shares set out below is the same as those as set out in the Appendix to the First CPS Transfer Circular.

1. INTERPRETATION

In these Terms, unless the context otherwise requires, the following expressions which apply exclusively to these Terms shall have the following meanings:

(A)

“Agreement” means the agreement dated 1 November 2012 (as supplemented by supplemental agreement dated 23 January 2013) entered into among Goldsure Limited as vendor, Max June Limited as purchaser, DeTai New Energy Group Limited as the Company and Tang Tong as the vendor’s guarantor in relation to the sale and purchase of the entire issued share capital in Total Grand Investments Limited and the supplemental agreement and such other documents as may be amending or supplementing it from time to time;

“Auditors” means the auditors of the Company for the time being;

“Business Day” means a day (excluding a Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business during their normal business hours;

“Bye-laws” means the bye-laws for the time being adopted by the Company and as amended from time to time;

“Certificate” means a certificate issued by the Company in the name of the Convertible Preference Shareholder in respect of his holding of one or more Convertible Preference Shares;

“Closing Price” means the closing price per Ordinary Share on the Relevant Stock Exchange, as published by the Relevant Stock Exchange or, in the absence of any such published closing price, the last published closing price;

“Company” means DeTai New Energy Group Limited;

“Conversion Date” means, subject to paragraph 5(G), 12 noon on the Business Day immediately following the date of the surrender of the relevant Certificate and delivery of the Conversion Notice therefor accompanied by the documents referred to in paragraph 5(B);

“Conversion Notice” means a notice, in such form as the Directors may from time to time specify, stating that a Convertible Preference Shareholder wishes to exercise the Conversion Right in respect of one or more Convertible Preference Shares;

“Conversion Number” means, in relation to any Convertible Preference Share, such number of Ordinary Shares as may, upon exercise of the Conversion Right, be converted at the Conversion Price in force on the relevant Conversion Date;

“Conversion Period” means, in respect of any Convertible Preference Share, any time commencing from 3:00 p.m. (Hong Kong time) on the Business Day immediately after the date of issue of such Convertible Preference Shares and up to 4:00 p.m. (Hong Kong time) on the date of all Convertible Preference Shares being converted or purchased in full (or such earlier date as may be required under the Statutes);

“Conversion Price” means the price at which each Ordinary Share will be allotted and issued upon an exercise of the Conversion Right, initially being equivalent to the Notional Value, subject to any adjustment in accordance with these Terms;

“Conversion Right” means the right, subject to the provisions of these Terms, the Statutes and to any other applicable fiscal or other laws or regulations to convert at any time during the Conversion Period any Convertible Preference Share at the Conversion Price;

“Conversion Share(s)” means Ordinary Share(s) to be issued upon an exercise of the Conversion Rights;

“Convertible Preference Shares” means the convertible preference shares of HK\$0.05 each in the capital of the Company;

“Convertible Preference Shareholder” means a person or persons who is or are registered in the Register as a holder or joint holders of Convertible Preference Shares;

“Converting Shareholder” means a Convertible Preference Shareholder all or some of whose Convertible Preference Shares are being or have been converted;

“Dealing Day” means a day on which the Relevant Stock Exchange is open for business and on which trading in the Ordinary Shares or other relevant securities is not suspended;

“Directors” means the board of directors of the Company or the directors present at a meeting of directors at which a quorum is present;

“Dividend” means any dividend payable pursuant to paragraph 2;

“Equity Share Capital” means issued share capital excluding any part thereof which neither as respects dividends nor as respects capital carries any right to participate beyond a specified amount in a distribution;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Issue Date” means, in respect of any Convertible Preference Share, the date on which the Convertible Preference Share was allotted and issued (i.e. 22 April 2013);

“Listing Rules” means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;

“Notional Value” means the price at which each Convertible Preference Share was initially issued, being HK\$0.21;

“Ordinary Shares” means fully paid ordinary shares of HK\$0.05 each (or of such other nominal value in which such ordinary shares are for the time being denominated following any consolidation or sub-division which gives rise to an adjustment to the Conversion Price in accordance with paragraph 7) in the Company of the class listed on the Hong Kong Stock Exchange or, where the context so requires, shares resulting from the re-designation or reclassification of all the Ordinary Shares outstanding, provided that if all of the Ordinary Shares are replaced by other securities (all of which are identical), the expression “Ordinary Shares” shall thereafter refer to those other securities;

“outstanding” means in relation to the Convertible Preference Shares, all the Convertible Preference Shares issued other than:

- (A) those in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with these Terms; or
- (B) those which have been purchased and cancelled as provided in paragraph 9;

“Record Date” means the date and time by which a subscriber or transferee of securities of the class in question would have to be registered in order to participate in the relevant distribution or rights;

“Register” means the register of Convertible Preference Shareholders required to be maintained by the Company pursuant to paragraph 17(B);

“Relevant Convertible Preference Shares” means a Convertible Preference Share which is to be converted pursuant to a Conversion Notice;

“Relevant Jurisdiction” means a jurisdiction in which the Company or any of its subsidiaries is incorporated, carries on business or holds any assets;

“Relevant Stock Exchange” means (A) the stock exchange on which the Ordinary Shares are at the relevant time principally traded, as determined by the Company, or (B) if, for the purposes of paragraph 7, the consideration at which any shares or securities are or are to be issued or transferred, or the relevant exercise, exchange or subscription price, if any, for such shares or securities, is to be fixed by reference to the price of such shares or securities on a particular stock exchange, that stock exchange;

“Statutes” means the Companies Act 1981 of Bermuda, as amended from time to time, and every other act of the legislature of Hong Kong or Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or the Bye-laws;

“Terms” means the terms of issue rights and privileges of the Convertible Preference Shares and the restrictions to which they are subject as set out herein and as may be amended from time to time; and

“Hong Kong dollars” or “HK\$” means the lawful currency of Hong Kong.

(B) In these Terms, references to:

“companies” include references to any bodies corporate however and wherever incorporated;

“distribution” include references to any dividend;

“paragraphs” are references to the paragraphs of these Terms;

“property” include references to shares, securities, cash and other assets or rights of any nature;

“dates” and “times” are to dates and times in Hong Kong; and

a “gender” include any other gender.

2. INCOME, DIVIDEND AND OTHER DISTRIBUTIONS

Each outstanding Convertible Preference Share shall confer, in case of any dividend or distribution being declared and paid by the Company to holders of the Ordinary Shares, on the holder thereof the same entitlement to dividend as holder of the number of Ordinary Shares into which such Convertible Preference Share may be converted upon exercise of Conversion Rights attached thereto.

3. CAPITAL

On a return of capital on liquidation (but not on conversion or purchase) the Convertible Preference Shares shall confer on the Convertible Preference Shareholders the right to be paid, in priority to any return of assets in respect of any other class of shares in the capital of the Company, *pari passu* as between themselves an amount equal to the aggregate Notional Value of the Convertible Preference Shares. The Convertible Preference Shares shall not confer on the holders thereof any further or other right to participate in the assets of the Company.

4. RANKING

The Company shall not (unless such sanction has been given by the Convertible Preference Shareholders as would be required for a variation of the special rights attaching thereto or unless otherwise provided in the Bye-laws) create or issue any shares ranking as regards order in the participation in the profits of the Company or in the assets of the Company on a winding up or otherwise in priority to the Convertible Preference Shares, but the Company may create or issue, without obtaining the consent of the Convertible Preference Shareholders, shares ranking *pari passu* in all respects (including as to class) with the Convertible Preference Shares and the existing and further Ordinary Shares.

5. CONVERSION

- (A) Each Convertible Preference Share shall confer on the holder thereof the Conversion Right.
- (B) Subject to paragraph 5(D), any Convertible Preference Shareholder may exercise the Conversion Right in respect of one or more Convertible Preference Shares held by him at any time during the Conversion Period subject to the provisions of the Statutes and any other applicable fiscal and other laws and regulations by delivering a duly signed and completed Conversion Notice to the Company accompanied by:
 - (1) the Certificates in respect of the Relevant Convertible Preference Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such Certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require); and
 - (2) banker's cashier orders or similar instruments payable to the Company in respect of all taxes and stamp, issue and registration duties (if any) arising on conversion.

A Conversion Notice shall not be effective if:

- (i) it is not accompanied by the Certificates in respect of the Relevant Convertible Preference Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such Certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require);
- (ii) it is not accompanied by banker's cashier orders or similar instruments payable to the Company in respect of all taxes and stamp, issue and registration duties (if any) arising on conversion; and
- (iii) it does not include a declaration and confirmation that the beneficial owner of the Relevant Convertible Preference Shares, and of the Conversion Shares, is not a resident or national of any foreign jurisdiction where the

exercise of the Conversion Rights attached to the Relevant Convertible Preference Shares is prohibited by any law or regulation of that jurisdiction or where compliance with such laws or regulations would require filing or other action by the Company; or that delivery of the Relevant Convertible Preference Shares or Conversion Shares will not result in a breach of any exchange control, fiscal or other laws or regulations for the time being applicable.

- (C) The number of Conversion Shares to be issued on each conversion shall be determined by dividing the aggregate Notional Value of the Relevant Convertible Preference Shares by the Conversion Price applicable on the Conversion Date provided that no fraction of an Ordinary Share arising on conversion shall be allotted and all fractional entitlements shall be dealt with in accordance with paragraph 12.
- (D) Conversion of the Convertible Preference Shares shall be effected in such manner as the Directors shall subject to these Terms, the Bye-laws, the Statutes and to any other applicable law and regulations, from time to time determine provided that no Conversion shall take place if (1) to do so would result in the Conversion Shares being issued at a price below their nominal value as at the applicable Conversion Date; (2) to the extent that following such exercise, the relevant Convertible Preference Shareholder and parties acting in concert with it, taken together, will be required to make a mandatory offer for all issued securities of the Company pursuant to the Hong Kong Code on Takeovers and Mergers; (3) to the extent that following such exercise, the relevant holders of the Convertible Preference Shares and parties acting in concert with it, taken together, will hold equal to or exceed 20% of the issued share capital of the Company; or (4) if immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under the Listing Rules or as required by the Hong Kong Stock Exchange.
- (E) Each Convertible Preference Shareholder irrevocably authorises the Company to effect the transactions required by paragraph 5(D) and for this purpose the Company may appoint any person to execute transfers, renunciations or other documents on behalf of the Convertible Preference Shareholder and generally may make all arrangements which appear to it to be necessary or appropriate in connection therewith.
- (F) The Company shall allot and issue the Conversion Shares or, as the case may be, send the amount to which he is entitled pursuant to paragraph 5(D) to the Converting Shareholder and shall procure that certificates in respect of the Conversion Shares, together with a new Certificate for any unconverted Convertible Preference Shares comprised in the Certificate(s) surrendered by the Converting Shareholder, are issued as soon as practicable and in any event not later than 14 days after the relevant Conversion Date.

- (G) If and whenever any conversion takes place after the occurrence of any event falling within any sub-provision of paragraph 7(A) but before the amount of the relevant adjustment to the Conversion Price (if any) shall have been calculated in accordance with the provisions of paragraph 7(A), the Conversion Date shall be deemed to fall on the Business Day after the date the adjustment made to the Conversion Price in respect of the relevant event has become effective.
- (H) In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company at the same time it despatches such notice to each member of the Company shall give notice thereof to all Convertible Preference Shareholders (together with a notice of the existence of the provisions of this paragraph 5(H)) and thereupon, each Convertible Preference Shareholder shall be entitled to exercise all or any of his Conversion Rights at any time not later than two Business Days prior to the date of the general meeting of the Company by providing the Company a Conversion Notice duly completed and executed together with the Certificates, cashier orders and, where appropriate, other items listed in paragraphs 5(B)(1) and (2) whereupon the Company shall, subject to the Statutes, as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the general meeting, allot the Conversion Shares to the Relevant Convertible Preference Shareholders credited as fully paid. There shall not be any issuance of Conversion Shares and/or alteration in the status of the members of the Company after the commencement of winding up unless permitted under the Statutes.

6. CONVERSION SHARES

The Conversion Shares shall, save as provided for in these provisions, rank *pari passu* in all respects with the Ordinary Shares in issue at the time the Conversion Shares are issued, and shall, subject to the proviso of this paragraph 6, entitle the holders thereof to all distributions paid or made on the Ordinary Shares by reference to a Record Date falling after the Conversion Date, provided that if a Record Date after the Conversion Date is in respect of any distribution for any financial period of the Company ended prior to such Conversion Date, the holders of the Conversion Shares will not be entitled to such distribution.

7. ADJUSTMENTS TO THE CONVERSION PRICE

- (A) Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of subparagraphs (1) to (7) inclusive of this paragraph 7, it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:
- (1) If and whenever there shall be an alteration in the nominal value of the Ordinary Shares by reason of any consolidation or sub-division, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by a fraction of which the numerator shall be the nominal value of one Ordinary Share immediately after such alteration and of which the denominator shall be

the nominal value of one Ordinary Share immediately before such alteration and such adjustment shall become effective on the date on which such alteration takes effect.

- (2) If and whenever the Company shall capitalise any amount of profits or reserves (including any share premium account or contributed surplus account) and apply the same in paying up in full the nominal value of any Ordinary Shares (other than any Ordinary Shares credited as fully paid out of distributable profits or reserves (including any share premium account or contributed surplus account) and issued in lieu of the whole or any part of a cash dividend or specie distribution which the holders of the Ordinary Shares concerned would or could otherwise have received and which would not have constituted a Capital Distribution (as defined in paragraph 7(B))), the Conversion Price in force immediately prior to the Record Date therefor shall be adjusted by a fraction of which the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such issue and of which the denominator shall be the aggregate nominal amount of the issued Ordinary Shares immediately after such issue. Such adjustment shall be effective immediately after the Record Date for such issue.
- (3) If and whenever the Company shall make any Capital Distribution, the Conversion Price in force immediately prior to such distribution shall be adjusted by multiplying it by the following fraction:

$$(K - L) \div K$$

where:

K is the Closing Price of one Ordinary Share on the Dealing Day immediately preceding the date on which the Capital Distribution is announced or (failing any such announcement), the Dealing Day immediately preceding the Record Date for the Capital Distribution;

L is the fair market value on the date of such announcement or (as the case may require) the Dealing Day immediately preceding the Record Date for the Capital Distribution, as determined in good faith by an approved merchant bank (selected at the option of the Company) or the Auditors of the portion of the Capital Distribution which is attributable to one Ordinary Share.

Provided that:

- (a) if in the opinion of the relevant approved merchant bank or the Auditors (as the case may be), the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed accordingly) the amount of the said Closing Price which should properly be attributed to the value of the Capital Distribution; and

- (b) the provisions of this sub-paragraph (3) shall not apply in relation to the issue of Ordinary Shares paid out of profits or reserves and issued in lieu of a cash dividend nor to a purchase by the Company of its own Ordinary Shares in accordance with the provisions of the Companies Act.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the Record Date for the Capital Distribution.

- (4) If and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Ordinary Shares, at a price which is less than 80 per cent. of the market price (as defined in paragraph 7(B)) at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$(K + L) \div M$$

where:

K is the number of Ordinary Shares in issue immediately before the date of such announcement;

L is the number of Ordinary Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Ordinary Shares comprised therein would purchase at such market price; and

M is the number of Ordinary Shares in issue immediately before the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription or comprised in the options or warrants.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the Record Date for the offer or grant.

- (5) (a) If and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares and the total Effective Consideration (as defined below) per Ordinary Share initially receivable for such securities is less than 80 per cent. of the price which is the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by the following fraction:

$$(K + L) \div (K + M)$$

where:

K is the number of Ordinary Shares in issue immediately before the date of the issue;

L is the number of Ordinary Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price; and

M is the maximum number of new Ordinary Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day immediately preceding whichever is the earlier of the date on which the issue is announced and the date on which the issuer determines the conversion or exchange rate or subscription price.

- (b) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (a) of this subparagraph (5) are modified so that the total Effective Consideration per Ordinary Share initially receivable for such securities shall be less than 80 per cent. of the price which is the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

$$(K + L) \div (K + M)$$

where:

K is the number of Ordinary Shares in issue immediately before the date of such modification;

L is the number of Ordinary Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at the market price at the date of the announcement of such proposal; and

M is the maximum number of new Ordinary Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (5), the “total Effective Consideration” receivable for the securities issued shall be deemed to be the consideration receivable by the issuer for the issue of any such securities plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of such subscription rights and the Effective Consideration per Ordinary Share initially receivable for such securities shall be such aggregate consideration divided by the number of Ordinary Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (6) If and whenever the Company shall issue wholly for cash any Shares (other than Shares issued to employees, including directors of the Company or any of its Subsidiaries, or their personal representatives, pursuant to an employee share scheme) at a price per Ordinary Share which is less than 80 per cent. of the market price current at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the number of Ordinary Shares so issued. Such adjustment shall become effective on the date of the issue.
- (7) If and whenever the Company shall purchase any Ordinary Shares or securities issued by the Company or any of its subsidiaries which are convertible into or exchangeable for Ordinary Shares or any rights to acquire Ordinary Shares (other than on the Relevant Stock Exchange) and the Directors of the Company cancel such Ordinary Shares, securities convertible into or exchangeable for Ordinary Shares or rights to acquire Ordinary Shares, the Directors of the Company may if they consider it appropriate make an adjustment to the Conversion Price, provided that the Directors shall have appointed an approved merchant bank or the Auditors to consider whether, for any reason whatever as a result of such purchases, an adjustment should be made to the Conversion Price fairly and appropriately to reflect the relative interests of the persons affected by such purchases by the Company and, if such approved merchant bank or the Auditors shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, the Directors shall make an adjustment to the Conversion Price in such manner as such approved merchant bank or the Auditors shall certify to be, in its opinion, appropriate. Such adjustment shall

become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day immediately preceding the date on which such purchases by the Company are made.

(B) For the purposes of paragraph 7(A):

“announcement” shall include the releases of an announcement to the press or the delivery or transmission by telephone, telex or otherwise of an announcement to the Relevant Stock Exchange and “date of announcement” shall mean the date on which the announcement is first so released, delivered or transmitted;

“Capital Distribution” means any distribution paid or made by the Company on Ordinary Shares to the extent that the amount of such distribution exceeds the amount calculated by reference to $P - D$ where:

P is the aggregate of the net consolidated profits less the aggregate of the net consolidated losses of the Company and its subsidiaries after taxation and minority interests but before extraordinary items in respect of the financial period ended on 30 June 2012 and each subsequent financial period in respect of which an audited consolidated profit and loss account of the Company and its subsidiaries (or, if it has at the relevant time no subsidiaries, an audited profit and loss account of the Company) has been published, as shown by such profit and loss account(s);

D is the aggregate amount of all distributions then already paid or made by the Company on Ordinary Shares in respect of any and all financial periods ended on or after 30 June 2012; provided that if such amount is greater than “P”, then “D” shall be deemed to be equal to “P”;

“market price” means the average of the closing prices of one Ordinary Share on the Relevant Stock Exchange in respect of dealings in board lots for the five consecutive Dealing Days ending on the last Dealing Day preceding the day on or as of which the market price is to be ascertained.

(C) The provisions of sub-paragraphs (2), (3), (4), (5) and (6) of paragraph 7(A) shall not apply to:

- (1) an issue of fully paid Ordinary Shares upon the exercise of any conversion rights attached to securities convertible into Ordinary Shares or upon exercise of any rights (including the Conversion Rights attaching to the Convertible Preference Shares) to acquire Ordinary Shares or any other convertible securities convertible into Ordinary Shares issued pursuant to or under the Agreement;
- (2) an issue of Ordinary Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Ordinary Shares to directors or employees of the Company or any of its subsidiaries or their personal representatives pursuant to an employee share scheme;

- (3) an issue by the Company of Ordinary Shares or by the Company or any other subsidiary of the Company of securities wholly or partly convertible into or rights to acquire Ordinary Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (4) an issue of Ordinary Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Ordinary Shares so issued is capitalised and the market value of such Ordinary Shares is not more than 120 per cent. of the amount of the dividend which holders of the Ordinary Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of an Ordinary Share shall mean the average of the closing prices on the Relevant Stock Exchange for five (or more) consecutive Dealing Days falling within the period of one month ending on the last day on which holders of Ordinary Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash; or
 - (5) the issue of the Convertible Preference Shares.
- (D) Any adjustment to the Conversion Price shall be made to the nearest one cent (Hong Kong currency) so that any amount under half a cent (Hong Kong currency) shall be rounded down and any amount of half a cent (Hong Kong currency) or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Ordinary Shares into Ordinary Shares of a larger nominal amount) involve an increase in the Conversion Price. In addition to any determination which may be made by the Directors every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the Auditors or by an approved merchant bank.
- (E) Notwithstanding anything contained in these Terms, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of paragraph 7 would be less than one cent and any adjustment that would otherwise then be required to be made shall not be carried forward.
- (F) If the Company or any of its subsidiaries shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Ordinary Shares, the Company shall appoint the Auditors or an approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if the Auditors or such approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly).
- (G) Notwithstanding the provisions of paragraph 7(A), in any circumstances where the Directors of the Company shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions, the Directors may appoint the Auditors or an approved merchant bank to consider

whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such Auditors or approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including without limitation making an adjustment calculated on a different basis) as shall be certified by the Auditors or such approved merchant bank to be in its opinion appropriate.

- (H) Whenever the Conversion Price is adjusted as herein provided, the Company shall give notice to the Convertible Preference Shareholders that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as any of the Conversion Rights remains exercisable make available for inspection at the principal place of business for the time being of the Company prior to all the Convertible Preference Shares being converted or purchased in full a signed copy of the said certificate of the Auditors or (as the case may be) of the relevant approved merchant bank and a certificate signed by a Director setting out the brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof.

8. UNDERTAKINGS

So long as any Convertible Preference Share remains capable of being converted into Ordinary Shares:

- (1) the Company will use its best endeavours (a) to maintain a listing for all the issued Ordinary Shares on the Hong Kong Stock Exchange, (b) if and when the issued Convertible Preference Shares are listed on the Hong Kong Stock Exchange to maintain such listing for all the issued Convertible Preference Shares on the Hong Kong Stock Exchange and (c) to obtain and maintain a listing on the Hong Kong Stock Exchange for all Conversion Shares issued on the exercise of the Conversion Rights;
- (2) the Company will send to each Convertible Preference Shareholder, by way of information, one copy of every circular, notice or other document sent to any other shareholders in the Company in their capacity as shareholders, at the same time as it is sent to such other shareholders;
- (3) the Company shall procure that there shall be sufficient authorised but unissued share capital available for the purposes of satisfying the requirements of any Conversion Notice as may be given and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe for shares in the Company;

- (4) the Company shall not, without the consent of the Convertible Preference Shareholders as a class (obtained in the manner provided in these Terms or the Bye-laws) or unless otherwise permitted pursuant to these provisions:
 - (a) modify, vary, alter or abrogate the rights attaching to the Ordinary Shares as a class, which (for the avoidance of doubt) shall not be deemed to be so modified, varied, altered or abrogated by the creation or issue of any shares or securities contemplated by these provisions; or
 - (b) change the date to which its annual accounts are made up from 30 June; or
 - (c) issue any shares (other than Ordinary Shares or shares ranking pari passu in all respects (including as to class) with the Convertible Preference Shares) constituting Equity Share Capital of the Company;
- (5) except in such manner as may be permitted by the Bye-laws or the Statutes, the Company shall not reduce its share capital or any uncalled liability in respect thereof or any share premium account;
- (6) if during such time when there are any Convertible Preference Shares outstanding an offer is made to the holders of Ordinary Shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any part of the Ordinary Shares and the Company becomes aware that the rights to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons aforesaid, the Company shall (subject to any restrictions under any applicable laws, regulations, codes and/or rules) give notice to all Convertible Preference Shareholders of such vesting or future vesting within 7 days of its becoming so aware.

9. REDEMPTION

Neither the Company nor any holder of the Convertible Preference Shares shall have any right to redeem the Convertible Preference Shares, unless otherwise provided pursuant to the Terms.

10. MEETINGS

- (A) The Convertible Preference Shares shall not confer on the holders thereof the right to receive notice of, or to attend and vote at, a general meeting of the Company, unless a resolution is to be proposed at a general meeting of the Company for winding up the Company or a resolution is to be proposed which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the Convertible Preference Shareholders, in which event the Convertible Preference Shares shall confer on the holder thereof the right to receive notice of, and to attend and vote at, that general meeting, save that such holders may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding up or the resolution which if passed would (subject to any consents required for such purpose being obtained) so vary or abrogate the rights and privileges of the Convertible Preference Shareholders.

- (B) If the Convertible Preference Shareholders are entitled to vote on any resolution, then at the relevant general meeting or separate general meeting of the Convertible Preference Shareholders, all resolutions put to the vote at the general meeting must be decided by way of poll and every Convertible Preference Shareholder who is present in person or by proxy or attorney or (being a corporation) by a duly authorised representative shall have one vote for each Conversion Share which would have been issued to him/it had he/it exercised the Conversion Right 48 hours preceding the date of such general meeting or separate general meeting of the Convertible Preference Shareholders.

11. PAYMENTS

- (A) Unless any other manner of payment is agreed between the Company and any Convertible Preference Shareholder, payment of Dividends, other cash distributions and moneys due on conversion or any repurchase permitted by these Terms to such Convertible Preference Shareholder shall be made by the Company posting a cheque in Hong Kong dollars (or in the case of payments which are to be made in another currency, such other currency) addressed to that Convertible Preference Shareholder at his registered address appearing on the Register as at the relevant Record Date and at his own risk.
- (B) Subject to paragraph 11(A), where any property (including Conversion Shares and Certificates in respect of them) is to be allotted, transferred or delivered to any Convertible Preference Shareholder the Company may make such arrangements with regard to such allotment, transfer or delivery as it may deem appropriate and in particular, without limitation, may appoint any person on behalf of that Convertible Preference Shareholder to execute any transfers, renunciations or other document and may make arrangements for the delivery of any document or property to that Convertible Preference Shareholder at his/its risk. All share certificates and other documents of title to which any person is entitled shall be posted to him/it by the Company addressed to him/it at his/its registered address appearing on the Register as at the relevant Record Date or, if none, the date of posting and at his/its risk.
- (C) All payments or distributions with respect to Convertible Preference Shares held jointly by two or more persons shall be paid or made to whichever of such persons is named first in the Register and the making of any payment or distribution in accordance with this sub-provision shall discharge the liability of the Company in respect thereof.

12. FRACTIONS

No fraction of an Ordinary Share arising on conversion shall be allotted to the holder of the Relevant Convertible Preference Share(s) otherwise entitled thereto but such fractions will, when practicable, be aggregated and sold and the net proceeds of sale will then be distributed pro rata among such holders unless in respect of any holding of Relevant Convertible Preference Shares the amount to be so distributed would be less than HK\$100, in which case such amount will not be so distributed but will be retained for the benefit of the Company. Unless otherwise agreed between the Company and a Converting Shareholder, if more than one

Convertible Preference Share shall fall to be converted pursuant to any one Conversion Notice, the number of Ordinary Shares to be issued upon conversion shall be calculated on the basis of the aggregate Notional Values of the Relevant Convertible Preference Shares. For the purpose of implementing the provisions of this paragraph 12, the Company may appoint some person to execute transfers, renunciations or other documents on behalf of persons entitled to any such fraction and generally may make all arrangements which appear to it to be necessary or appropriate for the settlement and disposal of fractional entitlements.

13. TAXATION

- (A) All payments of amounts equal to the Notional Value, nominal amounts, premium (if any) and Dividends in respect of Convertible Preference Shares shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Bermuda or Hong Kong or any authority therein or thereof (other than any withholding or deduction on account of any income tax, capital gains tax or other tax or duties of a similar nature) unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, subject to the Company having sufficient profits available for distribution, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the Convertible Preference Shareholders after such withholding or deduction shall equal the respective amounts of the Notional Value, premium (if any) and Dividend which would have been receivable in respect of the Convertible Preference Shares in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Convertible Preference Shareholder:
- (1) who is liable to such taxes, duties, assessments or governmental charges in respect of any Convertible Preference Share by reason of such holder having some connection with Bermuda or Hong Kong, as the case may be, other than by virtue of being a Convertible Preference Shareholder; or
 - (2) receiving such payment in Bermuda or Hong Kong, as the case may be, and who would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration or non-residence or other similar claim for exemption to the Bermuda or Hong Kong tax authority, as the case may be, but fails to do so.
- (B) To the extent that the Company shall have insufficient profits available for distribution in order to permit it to pay all or any of such additional amounts as aforesaid the amount of any shortfall shall be treated for all purposes as arrears of Dividend only in circumstances when the Company has sufficient profits or distributable reserves available for distribution.

14. RESTRICTED HOLDERS

No Convertible Preference Shares may be allotted and issued to any individual or entity who shall as a result become, and no Conversion Rights may be exercised by any Convertible Preference Shareholder who is, a Restricted Holder (as hereinafter defined). The exercise of any Conversion Rights by a Convertible Preference Shareholder shall constitute a confirmation, representation and warranty by the Converting Shareholder to the Company that such Converting Shareholder is not a Restricted Holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by such Converting Shareholder to enable him to exercise legally and validly the relevant Conversion Rights, to hold the Conversion Shares allotted and issued upon exercise of the Conversion Rights and the Company to legally and validly allot the Conversion Shares. For the purposes of this paragraph 14, a “Restricted Holder” means a Convertible Preference Shareholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of Conversion Rights by such Convertible Preference Shareholder or the performance by the Company of the obligations expressed to be assumed by it under these Terms or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction.

15. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Company upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require and on payment of such fee not exceeding HK\$50 as the Company may determine. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16. NOTICES

Subject to the Statutes, except in the case of a Conversion Notice, a notice given pursuant to these provisions may be revoked with the consent in writing of the Company. Notices to Convertible Preference Shareholders shall be given in accordance with the Bye-laws.

17. TRANSFERS AND CERTIFICATES

- (A) The provisions of the Bye-laws relating to the transfer of shares and share certificates shall apply in relation to the Convertible Preference Shares, subject to these provisions.
- (B) The Company shall maintain and keep a full and complete register at such location in Bermuda and/or in Hong Kong as it shall from time to time determine of the Convertible Preference Shares and the Convertible Preference Shareholders from time to time, such register shall contain details of conversion and/or cancellation and the destruction of any Convertible Preference Shares and the issue of any replacement Certificates issued in substitution for any mutilated, defaced, lost, stolen or destroyed Certificates and of sufficient identification details of all Convertible Preference Shareholders from time to time (or, to the extent reasonably requested by the

principal registrar of the Company in Bermuda and agreed by the Company, such lesser details and/or information in relation to the Convertible Preference Shares as maintained by the principal registrar of the Company in Bermuda).

- (C) Where any Convertible Preference Share is intended to be transferred to any transferee, the relevant holders of the Convertible Preference Shares shall seek prior consent from the Company and if such transfer is to be made to a connected person (as defined in the Listing Rules) of the Company (other than the associates (as defined in the Listing Rules) of the transferring Convertible Preference Shareholder), such transfer shall also comply with the requirements under the Listing Rules and/or requirements imposed by the Hong Kong Stock Exchange (if any).

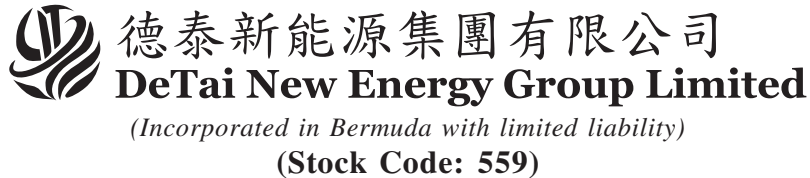
18. PRESCRIPTION

Any Convertible Preference Shareholder who has failed to claim distributions or other property or rights within six years of their having been made available to him will not thereafter be able to claim such distributions or other property or rights which shall be forfeited and reverted to the Company. The Company shall retain such distributions or other property or rights but shall not at any time be a trustee in respect of any such distributions or other property or rights nor accountable for any income or other benefits derived therefrom.

19. SEVERABILITY

If at any time one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect under the laws of any Relevant Jurisdiction, the validity, legality, enforceability or performance in that jurisdiction of the remaining provisions hereof or the validity, legality, enforceability or performance under the laws of any other Relevant Jurisdiction of these or any other provisions hereof shall not thereby in any way be affected or impaired.

NOTICE OF SGM



NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of DeTai New Energy Group Limited (the “**Company**”) will be held at Unit 4202, 42/F., The Center, 99 Queen’s Road Central, Hong Kong on Friday, 2 December 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifying the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the agreement for the proposed transfer (the “**Second CPS Transfer**”) of 100,000,000 unlisted convertible preference shares (the “**Convertible Preference Shares**”) of the notional value of HK\$0.21 each in the share capital of the Company dated 7 October 2016 (the “**Second CPS Transfer Agreement**”) (a copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between the Company of the one part and Capital Farm Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability and Jovial Sky Investments Limited, a company incorporated in the BVI with limited liability of the other part as purchasers (the “**Second Purchasers**”) and the transactions contemplated thereunder, including but not limited to the Second CPS Transfer be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company (the “**Director(s)**”) be and is hereby authorised to do such acts and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Second CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Second CPS Transfer as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Second CPS Transfer Agreement and the implementation of all transactions contemplated thereunder, including but not limited to the Second CPS Transfer.”

NOTICE OF SGM

2. **“THAT:**

- (a) the agreement for the proposed transfer (the **“Additional Second CPS Transfer”**) of 136,665,238 unlisted Convertible Preference Shares of the notional value of HK\$0.21 each in the share capital of the Company dated 28 October 2016 (the **“Additional Second CPS Transfer Agreement”**) (a copy of which has been produced to the Meeting and marked “B” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between the Company of the one part and the Second Purchasers of the other part as purchasers and the transactions contemplated thereunder, including but not limited to the Additional Second CPS Transfer be and are hereby approved, confirmed and ratified; and
- (b) any Director be and is hereby authorised to do such acts and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Additional Second CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Additional Second CPS Transfer as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Additional Second CPS Transfer Agreement and the implementation of all transactions contemplated thereunder, including but not limited to the Additional Second CPS Transfer.”

3. **“THAT:**

- (a) the agreement for the proposed transfer (the **“Third CPS Transfer”**) of 350,000,000 unlisted Convertible Preference Shares of the notional value of HK\$0.21 each in the share capital of the Company dated 28 October 2016 (the **“Third CPS Transfer Agreement”**) (a copy of which has been produced to the Meeting and marked “C” and initialled by the chairman of the Meeting for the purpose of identification) and entered into between the Company of the one part and New Hyde Investments Limited, a company incorporated in the BVI with limited liability and Wolfview Limited, a company incorporated in the BVI with limited liability of the other part as purchasers and the transactions contemplated thereunder, including but not limited to the Third CPS Transfer be and are hereby approved, confirmed and ratified; and

NOTICE OF SGM

- (b) any Director be and is hereby authorised to do such acts and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Third CPS Transfer Agreement and the transactions contemplated thereunder, including but not limited to the Third CPS Transfer as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Third CPS Transfer Agreement and the implementation of all transactions contemplated thereunder, including but not limited to the Third CPS Transfer.”

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

Hong Kong, 16 November 2016

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
12/F., Henley Building
5 Queen’s Road Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the board of the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. The voting at the Meeting (or any adjournment thereof) shall be taken by way of poll.