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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)

INSIDE INFORMATION

This announcement is made by DeTai New Energy Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the financial performance of the electric cycles business of the Group is expected to incur operating loss for the year ending 30 June 2016. The Group has strived to enhance the brand recognition and market penetration by various marketing activities. However, due to the slowdown of the Chinese economy, the turnover of the Group's electric cycles, especially for the solar-powered electric cycles which were newly developed and introduced to the market subsequent to the acquisition of the electric cycles business by the Group in May 2015, was adversely affected. The acceptance by the general public towards the solar-powered electric cycles with advanced technology and comparatively higher selling price was below the expectation and maintained at low level. Based on the preliminary assessment of the information currently available, including the latest management accounts of the Group which have not been finalised, reviewed by the Company's audit committee or audited by the auditor of the Company, impairment losses on the goodwill and intangible assets would be recorded for the year ending 30 June 2016.

Pursuant to the terms of the sale and purchase agreement dated 26 April 2015 entered into between the Group and the then vendor in relation to the acquisition of the electric cycles business, if the after-tax audited consolidated net profit (including the net profit attributable to non-controlling interests) of the electric cycles business for the year ending 30 June 2016 shall be less than HK$100 million, the then vendor shall compensate the Company in cash for the shortfall within 10 business days from the date of receipt of certificate from the auditor designated by the Company. If the electric cycles business incurs an audited net loss for the year ending 30 June 2016, the after-tax audited consolidated net profit will be deemed to be zero in calculating the shortfall.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 18 May 2016

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