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BUSINESS UPDATE

SALES DEVELOPMENT OF NEW ENERGY BUSINESS

This announcement is made by DeTai New Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

The board (the “**Board**”) of directors of the Company is pleased to announce that Emission Particle Solution Sweden AB (“**EPS**”), an indirectly wholly-owned subsidiary of the Company based in Sweden and principally engaged in the development, manufacturing and worldwide distribution of EuroAd (“**EuroAd**”), a totally biodegradable vegetable additive which catalyzes the combustion process in both fossil and bio fuels to achieve fuller fuel efficiency and cost savings without compromising fuel performance. EuroAd has been tested in over 7 countries across 4 continents by national level reputable institutes with satisfactory results. According to these tests, results showed EuroAd can reduce fuel consumption and emission of Carbon Monoxide, Carbon Dioxide and particulate matter (PM) significantly. EPS’s current sales markets are China, Sweden, Austria, Germany, India and Argentine Republic. More testing of EuroAd is being done in various countries and they are potential customers of EPS.

Major sales development of EPS are summarized below:

- (1) EPS has entered into a supply agreement with Haike Group to distribute EuroAd in China for 5 years up to 2021. Haike Group is based in Shandong Province, China and its shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange with revenue of RMB727.5 million in 2015. Haike Group’s main business is petroleum refining and is one of the leading producers of dimethyl carbonate and pharmacy grade propylene glycol in China.
- (2) Swea Energi AB (“**Swea Energi**”) is one of the customers who is distributing EuroAd in Sweden with monthly purchase commitment. Swea Energi is one of the biggest nationwide players in Sweden on bulk deliveries of fuel oil and diesel. The parent company of Swea Energi is DCC Plc, which is a constituent member of the Financial Times Stock Exchange 100 Index and is listed under Support Services on the London Stock Exchange with revenue of GBP10,601 million in 2016. One of its business divisions, DCC Energi operates in oil distribution and retail petrol stations throughout Europe and is the market leader in Austria and Denmark.

- (3) DCC Energy Austria GmbH (“**DCC Austria**”) is one of the customers who will distribute EuroAd in Austria and Germany for 5 years up to 2021. The parent company of DCC Austria is DCC Plc.
- (4) One of the customers is a leading mining stated-owned company in India with large coal reserves.
- (5) EPS has entered into distributor agreement that the distributor agreed to distribute EuroAd in Argentine Republic for 3 years up to 2019.

The Board considers that the abovementioned sales with worldwide customers will generate stable source of income to the Group. In the coming future, new energy business will be the major development area of the Group. The highly regarded Paris Agreement has been signed by over 190 countries. Furthermore, in line with China’s 13th Five Year Plan on Energy Savings and National Plan for Climate Change, which set out aggressive targets for 2020 in terms of overall China energy structure, the Board will focus our resources and talents on environmental protection and energy conservation with our strategic acquisition of EPS.

The smog pollution in vast areas of China is a pressing issue facing the country and it has become a health hazard. EuroAd is uniquely designed to reduce particulate matter (PM) emission in fuel consumption. The Board believes the technologies of EuroAd stand at to a good timing to contribute to alleviate the pressing issue of smog pollution in China and to capture the growth in environmental protection and energy conservation sector.

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

Hong Kong, 10 January 2017

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.