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**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE ACQUISITION OF
BIOFUEL BUSINESS**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 26 May 2017 (after trading hours), the Purchaser entered into a non-legally binding Memorandum with the Vendor in relation to the Possible Acquisition.

Pursuant to the Memorandum, the Purchaser (or its nominee) intends to acquire 100% of the issued share capital of the Target Company such that the Purchaser will indirectly hold the equity interest in Ningbo Fenghua and Zhejiang Hualian. The consideration for the Possible Acquisition will be subject to further negotiations and will be determined upon signing of the Formal Agreement.

The Target Group is principally engaged in developing environmental friendly energy and biofuel business in the PRC comprising the production of renewable energy source and biofuel with its self-developed biological butanol technology.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

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THE MEMORANDUM

Date: 26 May 2017 (after trading hours)

Parties: the Purchaser; and
the Vendor.

Subject matter

Pursuant to the Memorandum, the Purchaser (or its nominee) intends to acquire 100% of the issued share capital of the Target Company such that the Purchaser will indirectly hold the equity interest in Ningbo Fenghua and Zhejiang Hualian. The consideration for the Possible Acquisition will be subject to further negotiations and will be determined upon signing of the Formal Agreement.

Formal Agreement

Pursuant to the Memorandum, the Vendor and the Purchaser shall negotiate in good faith towards one another in ensuring that the Formal Agreement be entered into as soon as possible and in any event no later than 31 August 2017 or such later date as the Purchaser and the Vendor may agree.

The Formal Agreement shall contain, including but not limited to representations, warranties, undertaking and indemnifications which are generally given by vendor under the transactions similar to the Possible Acquisition.

If no Formal Agreement is entered into on or before 31 August 2017 (or such later date as the Purchaser and the Vendor may agree), the Memorandum shall lapse.

Due diligence

The Purchaser shall and shall procure that its advisers and agents shall, forthwith upon the signing of the Memorandum, conduct such review of the assets, liabilities, operations and affairs of the Target Group as it may consider appropriate and the Vendor shall provide and procure the Target Group and their agents to provide such assistance as the Purchaser and its advisers and agents may require in connection with such review and shall procure that such due diligence review shall be completed on or before 31 August 2017 (or such later date as the Vendor and the Purchaser may agree).

Exclusivity

Pursuant to the Memorandum, on or before 31 August 2017, the Vendor will not, and will procure that the Target Company and its respective directors, officers, employees, representatives and agents will not, directly or indirectly, (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate the provision of or furnish any information to, or (iii) enter into any agreement or letter of intent or memorandum of understanding with, any person or entity other than the Purchaser with respect to the Possible Acquisition.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in Hong Kong with limited liability and is beneficially wholly-owned by the Vendor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party. The Target Company is the beneficial owner of 100% equity interest of Hualian Shenzhen, which in turn owns 67% equity interest of Ningbo Fenghua and 88% equity interest of Zhejiang Hualian.

The Target Group is principally engaged in developing environmental friendly energy and biofuel business in the PRC comprising the production of renewable energy source and biofuel with its self-developed biological butanol technology. The biological butanol technology developed by the Target Group is a technique which transforms high concentration organic sewage into an environmental friendly, clean and renewable green energy source through the process of injection of plant extract additives resulting in the reaction and fermentation of special microbial community.

REASONS FOR THE POSSIBLE ACQUISITION

The Group is principally engaged in (i) new energy business, (ii) hotel hospitality business, (iii) provision of money lending services, (iv) manufacturing and trading of electric cycles, (v) trading and distribution of liquor and wine, and (vi) investments in listed securities.

The biofuel products of the Target Group are mainly applied to power generation and the generation of marine fuel boiler and car fuel. The Group is of the view that the environmental friendly energy business in the PRC continues to be expanding in demand as supported by the PRC government policies and initiatives. The Board believes that the acquisition will, together with the existing new energy business of the Group, contribute to a synergy effect that facilitates rapid growth in product development and further expands the Group's market share in the new energy sector.

In consideration of the above, the Directors are of the view that the terms of the Memorandum are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

GENERAL

The Memorandum does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Formal Agreement.

The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Purchaser as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“BVI”	British Virgin Islands
“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
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hualian Shenzhen”	華聯世紀生物能源(深圳)有限公司 (Hualian Century Bio Energy (Shenzhen) Company Limited*), a company established in the PRC with limited liability, and is wholly-owned by the Target Company as at the date of this announcement
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding strategic cooperation memorandum of understanding dated 26 May 2017 and entered into between the Vendor and the Purchaser setting out the preliminary understanding in relation to the Possible Acquisition

“Ningbo Fenghua”	寧波市奉化華聯世紀生物能源有限公司 (Ningbo Shi Fenghua Hualian Century Bio Energy Company Limited*), a company established in the PRC with limited liability, and is owned as to 67% and 33% by Hualian Shenzhen and 寧波梅山保稅港區富盾投資管理合夥企業 (Ningbo Meishan Bao Shui Gang Qu Fu Dun Investment Management Partnership*) respectively as at the date of this announcement
“Possible Acquisition”	the possible acquisition by the Purchaser of 100% equity interest of the Target Company as contemplated under the Memorandum
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Rich Shine Development Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by the Company as at the date of this announcement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Century Bio Energy (Hong Kong) Investment Company Limited (華聯世紀生物能源(香港)投資有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company, Hualian Shenzhen and Ningbo Fenghua and Zhejiang Hualian
“Vendor”	China Century Bio Energy International Investment Company Limited (華聯世紀生物能源國際投資有限公司) a company incorporated in the BVI with limited liability

“Zhejiang Hualian”	浙江華聯世紀生物能源有限公司 (Zhejiang Hualian Century Bio Energy Company Limited*), a company established in the PRC with limited liability, and is owned as to 88% and 12% by Hualian Shenzhen and 寧波梅山保税港區富盾投資管理合夥企業 (Ningbo Meishan Bao Shui Gang Qu Fu Dun Investment Management Partnership*) respectively as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent

* for identification purposes only

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

Hong Kong, 26 May 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.