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DONGYUE GROUP LIMITED

東岳集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 189)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the amount of the Unaudited Consolidated Profit for the six months ending 30 June 2012 is expected to decrease considerably as compared to that for the six months ended 30 June 2011. This profit warning announcement is only based on the preliminary review of the consolidated management accounts of the Group since the beginning of 2012 and the estimated operating performance of the Group for the month ending 30 June 2012.

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

This announcement is made by Dongyue Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

After preliminary review of the consolidated management accounts of the Group since the beginning of 2012 and the estimated operating performance of the Group for the month ending 30 June 2012 by the Group’s management, the board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the amount of the unaudited consolidated profit and total comprehensive income attributable to the Shareholders (the “**Unaudited Consolidated Profit**”) for the six months ending 30 June 2012 is expected to decrease considerably as compared to that for the six months ended 30 June 2011. The Unaudited

Consolidated Profit for the six months ended 30 June 2011 amounted to approximately RMB 1,415.7 million. The estimated decrease in the Unaudited Consolidated Profit is mainly because since the beginning of 2012, due to the weakening momentum of growth for the domestic and global economies, which has adversely affected the fluorochemical industry, the domestic and international demand for the Group's products has declined and the selling prices of the Group's products have dropped significantly as compared to the same period of 2011. Although the Group also experiences decrease in the raw material costs, such decrease cannot be able to mitigate the negative impacts arising from the decrease in selling prices of the Group's products, resulting in the overall decrease in their profit margins. As estimated by the Group's management, there will be a more than 60% year-on-year drop in the Unaudited Consolidated Profit for the six months ending 30 June 2012.

The view of the Board in this announcement is only a preliminary assessment by the Board based on the consolidated management accounts of the Group since the beginning of 2012 and the estimated operating performance of the month ending 30 June 2012. The Group's interim results for the six months ending 30 June 2012, of which the independent auditor of the Company is to perform the review, is expected to be announced in mid-August 2012.

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

By order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The People's Republic of China, 20 June 2012

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Yan Jianhua and Mr. Zhang Jian as executive directors, and Mr. Yue Run Dong, Mr. Liu Yi and Mr. Ting Leung Huel, Stephen as independent non-executive directors.