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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)**

### **CONNECTED TRANSACTION IN RELATION TO CAPITAL INJECTION AGREEMENTS**

#### **CAPITAL INJECTION AGREEMENTS**

The Board is pleased to announce that on 18 January 2018 (after trading hours):

- (i) Cheung Shek Investment, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals entered into Capital Injection Agreement A pursuant to which, Cheung Shek Investment agreed to make capital contribution of approximately RMB180,519,481 (equivalent to approximately HK\$218,428,572) to Dongyue Organic Silicone. Out of such capital contributions, (a) RMB84,415,584 (equivalent to approximately HK\$102,142,857) will be recorded as the registered capital of Dongyue Organic Silicone; and (b) approximately RMB96,103,897 (equivalent to approximately HK\$116,285,715) will be recorded as capital reserve; and
- (ii) Zibo Xiaoxi, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals entered into Capital Injection Agreement B pursuant to which, Zibo Xiaoxi agreed to make capital contribution of approximately RMB234,675,325 (equivalent to approximately HK\$283,957,143) to Dongyue Organic Silicone. Out of such capital contributions, (a) RMB109,740,260 (equivalent to approximately HK\$132,785,714) will be recorded as the registered capital of Dongyue Organic Silicone; and (b) approximately RMB124,935,065 (equivalent to approximately HK\$151,171,429) will be recorded as capital reserve.

Capital Injection Agreement A and Capital Injection Agreement B are not inter-conditional with each other.

## **COMPLETION**

As at the date of this announcement, Dongyue Organic Silicone is wholly-owned by the Group. Assuming Capital Injection Agreement A and Capital Injection Agreement B are completed simultaneously, upon completion of the Capital Injection Agreements, (i) the registered capital of Dongyue Organic Silicone will be increased from RMB650,000,000 (equivalent to approximately HK\$786,500,000) to RMB844,155,844 (equivalent to approximately HK\$1,021,428,571); and (ii) the equity interest in Dongyue Organic Silicone will be 77%, 10% and 13% held by the Group, Cheung Shek Investment and Zibo Xiaoxi, respectively. Dongyue Organic Silicone will continue to be a subsidiary of the Group after the completion of the Capital Injection.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Connected transactions**

Cheung Shek Investment is directly controlled by Mr. Fu Kwan (an executive Director of the Company). Hence, Cheung Shek Investment is an associate of Mr. Fu Kwan. Therefore, Cheung Shek Investment is a connected person of the Company. Accordingly, the capital contribution made by Cheung Shek Investment to Dongyue Organic Silicone under Capital Injection Agreement A constitutes a connected transaction of the Company.

Mr. Zhang Jianhong and Mr. Zhang Zhefeng (both are executive Directors of the Company) together own more than 30% of Zibo Xiaoxi. Therefore, Zibo Xiaoxi is a connected person of the Company. Accordingly, the capital contribution made by Zibo Xiaoxi to Dongyue Organic Silicone under Capital Injection Agreement B constitutes a connected transaction of the Company.

As the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B involved equity interest in the same target company (that is, Dongyue Organic Silicone), the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B were aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the relevant percentage ratio(s) (other than the profits ratio) under the Listing Rules in respect of the aggregation of the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B exceed 0.1% but are less than 5%, the entering into of Capital Injection Agreement A and Capital Injection Agreement B is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Capital Injection Agreement B, Dongyue Chemicals undertakes that, upon (i) the request by the partner of Zibo Xiaoxi; or (ii) the cease of the partner of Zibo Xiaoxi as an employee of the Group, Dongyue Chemicals shall, at the written request by the relevant partner of Zibo Xiaoxi, repurchase the portion of the interest in Zibo Xiaoxi held by such partner or the corresponding equity interest in Dongyue Organic Silicone at the repurchase price which is

equivalent to 80% of the total investment costs incurred by such partner(s) in Zibo Xiaoxi corresponding to the equity interest in Dongyue Organic Silicone. As the request of the repurchase will be made at the discretion of such partners and certain partners of Zibo Xiaoxi are connected persons of the Company, the provision of the undertaking to repurchase by Dongyue Chemicals constituted a connected transaction of the Company. As the highest applicable ratio in respect of the aggregated maximum amount of the repurchase under Capital Injection Agreement B exceeds 0.1% but is less than 5%, the provision of the repurchase undertaking by Dongyue Chemicals is subject to the reporting and announcement requirement but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Notifiable transactions**

Following the completion of the transactions contemplated under the Capital Injection Agreements, the equity interest of the Group in Dongyue Organic Silicone will be reduced from 100% to 77%, the Capital Injection therefore constitutes a deemed disposal of the Group's equity interest in Dongyue Organic Silicone under Rule 14.29 of the Listing Rules. However, as the highest applicable percentage ratio in respect of the aggregation of the deemed disposals under the Capital Injection Agreements is less than 5%, the entering into of the Capital Injection Agreements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the highest applicable percentage ratio in respect of the aggregated maximum amount of the repurchase under Capital Injection Agreement B is less than 5%, the provision of the repurchase undertaking by Dongyue Chemicals does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on 18 January 2018 (after trading hours), (i) Cheung Shek Investment, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals entered into Capital Injection Agreement A; and (ii) Zibo Xiaoxi, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals entered into Capital Injection Agreement B.

Capital Injection Agreement A and Capital Injection Agreement B are not inter-conditional with each other.

## **CAPITAL INJECTION AGREEMENTS**

The principal terms of the Capital Injection Agreements are set out as below:

### **Capital Injection Agreement A**

**Date:** 18 January 2018

**Parties:**

- (a) Cheung Shek Investment;
- (b) Dongyue Organic Silicone;
- (c) Dongyue Corporate Management; and
- (d) Dongyue Chemicals

**Target Company:** Dongyue Organic Silicone

**Capital Contribution:** Pursuant to Capital Injection Agreement A, Cheung Shek Investment agreed to make capital contributions of approximately RMB180,519,481 (equivalent to approximately HK\$218,428,572) to Dongyue Organic Silicone. The amount of the capital contribution to be made by Cheung Shek Investment to Dongyue Organic Silicon was determined after arm's length negotiations between Cheung Shek Investment and Dongyue Organic Silicon with reference to, among other things, the registered capital of Dongyue Organic Silicone and the valuation of the entire equity interest in Dongyue Organic Silicone by an independent valuer (which values Dongyue Organic Silicone at approximately RMB1.39 billion (equivalent to approximately HK\$1.68 billion) as at 31 October 2017).

Out of the above capital contributions, (a) RMB84,415,584 (equivalent to approximately HK\$102,142,857) will be recorded as the registered capital of Dongyue Organic Silicone; and (b) approximately RMB96,103,897 (equivalent to approximately HK\$116,285,715) will be recorded as capital reserve.

**Payment of the Capital Contribution:**

The aggregate capital contribution amount is to be satisfied by Cheung Shek Investment in cash within 30 business days following (i) the completion of the filing at the relevant authorities in relation to the capital contribution under Capital Injection Agreement A; and (ii) the completion of all the procedures of the internal decision making body and shareholders (if necessary) by each of the parties to Capital Injection Agreement A to ensure all the authorities required for the capital injection have been obtained.

**Undertakings:**

Each of the parties to Capital Injection Agreement A shall (i) execute such documents (including but not limited to documents requested by the relevant authorities) as may be required to complete the necessary filings in respect of the capital injection at the relevant authorities; and (ii) obtain all the necessary approvals by its internal decision making body and its shareholders (if necessary) in respect of the capital injection, as soon as possible.

**Restrictions of Subsequent Sale of the Equity Interest in Dongyue Organic Silicone:**

There is no restrictions of subsequent sale of the equity interest to be owned by Cheung Shek Investment in Dongyue Organic Silicone.

**Capital Injection Agreement B**

**Date:**

18 January 2018

**Parties:**

- (a) Zibo Xiaoxi;
- (b) Dongyue Organic Silicone;
- (c) Dongyue Corporate Management; and
- (d) Dongyue Chemicals

**Target Company:**

Dongyue Organic Silicone

**Capital Contribution:**

Pursuant to Capital Injection Agreement B, Zibo Xiaoxi agreed to make capital contributions of approximately RMB234,675,325 (equivalent to approximately HK\$283,957,143) to Dongyue Organic Silicone. The amount of the capital contribution to be made by Zibo Xiaoxi to Dongyue Organic Silicon was determined after arm's length negotiations between Zibo Xiaoxi and Dongyue Organic Silicon with reference to, among other things, the registered capital of Dongyue Organic Silicone and the valuation of the entire equity interest in Dongyue Organic Silicone by an independent valuer (which values Dongyue Organic Silicone at approximately RMB1.39 billion (equivalent to approximately HK\$1.68 billion), as at 31 October 2017).

Out of the above capital contributions, (a) RMB109,740,260 (equivalent to approximately HK\$132,785,715) will be recorded as the registered capital of Dongyue Organic Silicone; and (b) approximately RMB124,935,065 (equivalent to approximately HK\$151,171,429) will be recorded as capital reserve.

**Payment of the Capital Contribution:**

The aggregate capital contribution amount is to be satisfied by Zibo Xiaoxi in cash within 30 business days following (i) the completion of the filing at the relevant authorities in relation to the capital contribution under Capital Injection Agreement B; and (ii) the completion of all the procedures of the internal decision making body and shareholders (if necessary) by each of the parties to Capital Injection Agreement B to ensure all the authorities required for the capital injection have been obtained.

**Undertakings:**

Each of the parties to Capital Injection B shall (i) to execute such documents (including but not limited to documents requested by the relevant authorities) as may be required to complete the necessary filings in respect of the capital injection at the relevant authorities; and (ii) obtain all the necessary approvals by its internal decision making body and its shareholders in respect of the capital injection, as soon as possible.

**Restrictions of Subsequent Sale of the Equity Interest in Dongyue Organic Silicone:**

There is no restrictions of subsequent sale of the equity interest to be owned by Zibo Xiaoxi in Dongyue Organic Silicone.

**Special term:**

If (i) any partner of Zibo Xiaoxi ceased as an employee of the Group; or (ii) upon the request by the partner of Zibo Xiaoxi, Dongyue Chemicals, shall, at the written request by the relevant partner of Zibo Xiaoxi, repurchase the portion of the interest in Zibo Xiaoxi held by such partner or the corresponding equity interest in Dongyue Organic Silicone at the repurchase price set out below:

RMB234,675,325 x (the portion of interest held by such partner in Zibo Xiaoxi/the total interest in Zibo Xiaoxi held by all partners of Zibo Xiaoxi) x 80%

**SHAREHOLDING STRUCTURE OF DONGYUE ORGANIC SILICONE**

Set out below is the shareholding structure of Dongyue Organic Silicone before and immediately after the completion of the Capital Injection (assuming Capital Injection Agreement A and Capital Injection Agreement B are completed simultaneously):

	<b>Immediately before completion of the Capital Injection</b>	<b>Immediately after the completion of the Capital Injection</b>
Total registered capital	RMB650,000,000	RMB844,155,844
	<b>Percentage of equity interest in Dongyue Organic Silicone</b>	<b>Percentage of equity interest in Dongyue Organic Silicone</b>
<b>Shareholders:</b>		
Dongyue Corporate Management	84.00%	64.68%
Dongyue Chemicals	16.00%	12.32%
Cheung Shek Investment	-	10.00%
Zibo Xiaoxi	-	13.00%

Dongyue Organic Silicone will continue to be a subsidiary of the Group after the completion of the Capital Injection.

**INFORMATION OF DONGYUE ORGANIC SILICONE**

Dongyue Organic Silicone was established in Zibo, Shandong Province, the PRC as a limited liability company in 2006 with a registered capital of RMB650,000,000 as at the date of this announcement and is principally engaged in the business of manufacturing and sale of organosilicon materials (including silicone monomers, silicone intermediates and further-processed silicone chemical products). The establishment of Dongyue Organic Silicone has enabled the Group to expand its

business into the silicone industry and to achieve synergies arising from the recycling and the processing of chloromethane (a by-product during the Group's production process of CFM and dichloromethane) to serve as a key raw material for the production of silicone.

Set out below is the financial information of Dongyue Organic Silicone for the two years ended 31 December 2016:

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax and extraordinary items	(34,425)	58,455
Net profit/(loss) after tax and extraordinary items	(56,375)	58,455

Based on the information available to the Company, it is estimated that given the deemed disposal as a result of the Capital Injection will not change the Group's controlling interest in Dongyue Organic Silicone, no gain or loss will be incurred by the Group as a result of the Capital Injection.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Capital Injection. Shareholders should note that the actual financial impact from the deemed disposal as a result of the Capital Injection will be subject to final audit.

As at 31 October 2017, the unaudited net asset value of Dongyue Organic Silicone was approximately RMB719,010,000 (equivalent to approximately HK\$870,002,100).

## **GENERAL INFORMATION AND THE PARTIES TO THE CAPITAL INJECTION AGREEMENTS**

### **The Group**

The Group is principally engaged in (i) manufacturing and sale of refrigerants, fluoropolymers, organic silicone and other products such as dichloromethane, polyvinyl chloride and liquid alkali; and (ii) property development.

### **Cheung Shek Investment**

Cheung Shek Investment is a company established in the PRC with limited liability which is principally engaged in investment and management of investment. Cheung Shek Investment is directly controlled by Mr. Fu Kwan (an executive Director of the Company). Therefore, Cheung Shek Investment is a connected person of the Company.



## **Zibo Xiaoxi**

Zibo Xiaoxi is a partnership established in the PRC and legally in existence. Zibo Xiaoxi is principally engaged in corporate management, corporate management consultancy, business consultancy and corporate services. Mr. Zhang Jianhong and Mr. Zhang Zhefeng (both are executive Directors of the Company) together own more than 30% of Zibo Xiaoxi. Therefore, Zibo Xiaoxi is a connected person of the Company. Other partners of Zibo Xiaoxi are the management of the Company.

## **Dongyue Corporate Management**

Dongyue Corporate Management is a company established in the PRC with limited liability which is principally engaged in corporate management, corporate management consultancy, business consultancy and corporate services. Dongyue Corporate Management is a direct wholly-owned subsidiary of the Company.

## **Dongyue Chemicals**

Dongyue Chemicals is a company established in the PRC with limited liability which is principally engaged in the sales and manufacturing of the eco-friendly refrigerant products and import and export of goods. Dongyue Chemicals is an indirect wholly-owned subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

Recently, the market conditions of organic silicone improved. Meanwhile, the Group's organic silicone production technology was also improved, resulting in remarkable growth of the results of the Group's organic silicone segment which has recorded profit since 2016, making contribution to the growth of the Group's overall results. The Group needs to develop in aspects including research and development, scale expansion, expansion of the industrial chain and integration of capital and resources in relation to its organic silicon business to cope with the existing industry trends. Therefore, to grasp the current cycle of industry prosperity, it calls for the need to introduce new investors to realize the development goal of the Group. Cheung Shek Investment is experienced in investment, the introduction of Cheung Shek Investment will be helpful to the capital operation and resource integration of the Dongyue Organic Silicone in the future.

By introducing Zibo Xiaoxi as investor will facilitate the Group to retain, attract or otherwise maintain on-going relationships with the Directors and senior management of the Group who are significant to the performance of the Group.

In view of the above, the Directors (excluding the Directors who are required to abstain from voting and including independent non-executive Directors) are of the view that the entering into of Capital Injection Agreements is in the ordinary and usual course of business of the Group, and the terms of the Capital Injection Agreements are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from Mr. Zhang Jianhong, Mr. Fu Kwan and Mr. Zhang Zhefeng who have abstained from voting on the Board resolutions approving Capital Injection Agreements in view of their respective interests therein, no other Directors were in any way materially interested in and therefore have abstained from voting on the Board resolutions approving the Capital Injection Agreements. However, (i) Mr. Zhang Jian as the director of several subsidiaries of Macro-link (Macro-link is an associate of Mr. Fu Kwan (an executive Director of the Company)); and (ii) Mr. Zhang Bishu as the supervisor of Cheung Shek Investment and a director of Macro-link, have abstained from voting on the Board resolutions approving the Capital Injection Agreements.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Connected transactions**

Cheung Shek Investment is directly controlled by Mr. Fu Kwan (an executive Director of the Company) is an associate of Mr. Fu Kwan. Therefore, Cheung Shek Investment is a connected person of the Company. Accordingly, the capital contribution made by Cheung Shek Investment to Dongyue Organic Silicone under Capital Injection Agreement A constitutes a connected transaction of the Company.

Mr. Zhang Jianhong and Mr. Zhang Zhefeng (both are executive Directors of the Company) together own more than 30% of Zibo Xiaoxi. Therefore, Zibo Xiaoxi is a connected person of the Company. Accordingly, the capital contribution made by Zibo Xiaoxi to Dongyue Organic Silicone under Capital Injection Agreement B constitutes a connected transaction of the Company.

As the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B involved equity interest in the same target company (that is, Dongyue Organic Silicone), the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B were aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the relevant percentage ratio(s) (other than the profits ratio) under the Listing Rules in respect of the aggregation of the transactions contemplated under Capital Injection Agreement A and Capital Injection Agreement B exceed 0.1% but are less than 5%, the entering into of Capital Injection Agreement A and Capital Injection Agreement B is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Capital Injection Agreement B, Dongyue Chemicals undertakes that, upon (i) the request by the partner of Zibo Xiaoxi; or (ii) the cease of the partner of Zibo Xiaoxi as an employee of the Group, Dongyue Chemicals shall, at the written request by the relevant partner of Zibo Xiaoxi, repurchase the portion of the interest in Zibo Xiaoxi held by such partner or the corresponding equity interest in Dongyue Organic Silicone at the repurchase price which is equivalent to 80% of the total investment costs incurred by such partner(s) in Zibo Xiaoxi corresponding to the equity interest in Dongyue Organic Silicone. As the request of the repurchase will be made at the discretion of such partners and certain partners of Zibo Xiaoxi are connected persons of the Company, the provision of

the undertaking to repurchase by Dongyue Chemicals constituted a connected transaction of the Company. As the highest applicable percentage ratio in respect of the aggregated maximum amount of the repurchase under Capital Injection Agreement B exceeds 0.1% but is less than 5%, the provision of the repurchase undertaking by Dongyue Chemicals is subject to the reporting and announcement requirement but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Notifiable transactions**

Following the completion of the transactions contemplated under the Capital Injection Agreements, the equity interest of the Group in Dongyue Organic Silicone will be reduced from 100% to 77%, the Capital Injection therefore constitutes a deemed disposal of the Group's equity interest in Dongyue Organic Silicone under Rule 14.29 of the Listing Rules. However, as the highest applicable percentage ratio in respect of the aggregation of the deemed disposals under the Capital Injection Agreements is less than 5%, the entering into of the Capital Injection Agreements does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the highest applicable percentage ratio in respect of the aggregated maximum amount of the repurchase under Capital Injection Agreement B is less than 5%, the provision of the repurchase undertaking by Dongyue Chemicals does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“business day”	a day (except public holidays, Saturdays and Sundays) on which licensed banks are open for business in the PRC
“Capital Injection”	collectively, (i) the capital contributions by Cheung Shek Investment of approximately RMB180,519,481 (equivalent to approximately HK\$218,428,572) to Dongyue Organic Silicone under Capital Injection Agreement A; and (ii) the capital contributions by Zibo Xiaoxi of approximately RMB234,675,325 (equivalent to approximately HK\$283,957,143) to Dongyue Organic Silicone under Capital Injection Agreement B

“Capital Injection Agreement A”	the capital injection agreement dated 18 January 2018 and entered into between Cheung Shek Investment, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals
“Capital Injection Agreement B”	the capital injection agreement dated 18 January 2018 and entered into between Zibo Xiaoxi, Dongyue Organic Silicone, Dongyue Corporate Management and Dongyue Chemicals
“Capital Injection Agreements”	collectively, Capital Injection Agreement A and Capital Injection Agreement B
“Cheung Shek Investment”	Cheung Shek Investment Holdings Limited* (長石投資有限公司), a company established in the PRC with limited liability and a connected person of the Company
“Company”	Dongyue Group Limited (東岳集團有限公司), a company incorporated in the Cayman Islands with limited liability, and the shares of which 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 directors of the Company
“Dongyue Chemicals”	Shandong Dongyue Chemicals Co., Ltd.* (山東東岳化工有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Dongyue Corporate Management”	Shandong Dongyue Future Corporate Management Consultancy Services Co., Ltd.* (山東東岳未來企業管理諮詢服務有限公司), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of the Company
“Dongyue Organic Silicone”	Shandong Dongyue Organosilicon Material Co., Ltd.* (山東東岳有機硅材料有限公司), a limited liability company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macro-Link”	Marco-link Holdings Limited, a company established in the PRC with limited liability and a connected person of the Company
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the registered holders of the Shares from time to time
“Share(s)”	the ordinary shares of HK\$0.10 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Zibo Xiaoxi”	Zibo Xiaoxi Enterprise Management Limited Partnership* (淄博曉希企業管理合夥企業(有限合夥)), a limited partnership established in the PRC and legally in existence, a connected person of the Company
“%”	per cent

*For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the applicable exchange rate of RMB1.00 to HK\$1.21. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.*

By order of the Board  
**Dongyue Group Limited**  
**Zhang Jianhong**  
Chairman

The PRC, 18 January 2018

*As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Zhang Zhefeng, Mr. Zhang Bishu and Mr. Zhang Jian as executive Directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Yue Run Dong as independent non-executive Directors.*

\* *For identification purposes only*