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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)

INSIDE INFORMATION

UPDATE ON THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF DONGYUE ORGANOSILICONE ON THE SHENZHEN STOCK EXCHANGE

This announcement is made by the board (the “**Board**”) of directors of Dongyue Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 29 March 2018, 12 October 2018 and 12 November 2018 (the “**Announcements**”) and the circular of the Company dated 15 October 2018 (the “**Circular**”) in relation to the Proposed Spin-off of Dongyue Organosilicone. Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as those defined in the Announcements and Circular.

The Board would like to update Shareholders and potential investors of the Company that the application for the Proposed Spin-off is in the process of review by the CSRC. In accordance with the relevant rules and regulations of the CSRC, an updated application version of the prospectus (the “**Draft Prospectus**”) of Dongyue Organosilicone has been submitted to the CSRC and published on the CSRC’s website (www.csrc.gov.cn).

The Draft Prospectus contains financial information of certain subsidiaries the Company for the period ended 30 September 2019 (the “**Financial Information**”). Extracts of the Financial Information of the major operating subsidiaries of the Company from the Draft Prospectus are set out below:

(1) Dongyue Fluorosilicone Science and Technology Group Co., Ltd. ¹	As at / for the nine months ended 30 September 2019 (audited) RMB’000
Total asset	16,541,456
Net asset	9,635,323
Net profit	1,203,914

¹ This company is the direct or indirect holding company of the other subsidiaries of the Company mentioned in this announcement.

(2) Dongyue Organosilicone	As at / for the nine months ended 30 September 2019 <i>(audited)</i> RMB'000
Total asset	2,354,509
Net asset	2,013,754
Net profit	459,404
(3) Shandong Dongyue Polymers Co., Limited	As at / for the nine months ended 30 September 2019 <i>(unaudited)</i> RMB'000
Total asset	3,492,475
Net asset	2,261,073
Net profit	403,936
(4) Shandong Dongyue Fluo-Silicon Materials Co., Ltd.	As at / for the nine months ended 30 September 2019 <i>(unaudited)</i> RMB'000
Total asset	1,699,192
Net asset	829,717
Net profit	171,525
(5) Shangdong Dongyue Chemical Co., Limited	As at / for the nine months ended 30 September 2019 <i>(unaudited)</i> RMB'000
Total asset	5,309,294
Net asset	3,128,719
Net profit	359,869
(6) Shandong Huaxia Shenzhou New Materials Co., Ltd.	As at / for the nine months ended 30 September 2019 <i>(unaudited)</i> RMB'000
Total asset	1,411,037
Net asset	1,131,089
Net profit	143,354
(7) Shandong Dongyue Union Property Co., Ltd.	As at / for the nine months ended 30 September 2019 <i>(unaudited)</i> RMB'000
Total asset	2,891,124
Net asset	406,144
Net profit	75,843

Further information on the Financial Information can be found in the Draft Prospectus by visiting the CSRC's website (www.csrc.gov.cn). Shareholders and potential investors of the Company are reminded that the Financial Information was prepared in accordance with the internal management records of the Group and has not been audited or reviewed by external auditors of the Company in accordance with the accounting standards adopted by the Company. **Shareholders and potential investors of the Company are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company.**

Further announcement will be made by the Company as and when appropriate in respect of any material development in relation to the Proposed Spin-off.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to,

among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the Shenzhen Stock Exchange, and therefore may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 4 November 2019

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.