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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)

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

Reference is made to the announcements of the Company dated 29 March 2018, 12 October 2018, 12 November 2018, 4 November 2019, 28 November 2019 and 24 February 2020 (the “**Announcements**”) and the circular of the Company dated 15 October 2018 (the “**Circular**”) in relation to the spin-off and separate listing of Dongyue Organosilicone on ChiNext of the Shenzhen Stock Exchange by way of issuance of new A shares (the “**Offer Shares**”) in Dongyue Organosilicone (the “**A Share Offering**”). Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as those defined in the Announcements and the Circular.

FINAL OFFER SIZE AND OFFER PRICE OF THE A SHARE OFFERING

The Board is pleased to announce that Dongyue Organosilicone has issued 300,000,000 Offer Shares under the A Share Offering at the final offer price of RMB6.9 per Offer Share. The gross proceeds raised from the A Share Offering amounted to RMB2,070 million. After deduction of the cost and expense in relation to the A Share Offering in the total amount of approximately RMB84 million (exclusive of value added tax), the net proceeds raised from the A Share Offering was approximately RMB1,986 million.

The A Share Offering was conducted through a combination of offline placing of 30,000,000 Offer Shares and online subscription of 270,000,000 Offer Shares, representing 10% and 90%, respectively, of the total number of Offer Shares under the A Share Offering. 507,121 Offer Shares were underwritten by China Securities Co., Ltd., the lead underwriter in respect of the A Share Offering.

Further information on the A Share Offering is available on the website of the Shenzhen Stock Exchange (www.szse.cn).

COMMENCEMENT OF DEALINGS IN THE A SHARES OF DONGYUE ORGANOSILICONE

Dealings in the A shares of Dongyue Organosilicone (Shenzhen Stock Exchange stock short name: Dongyue Silicon (東岳硅材); stock code: 300821) on ChiNext of the Shenzhen Stock Exchange will commence on 12 March 2020.

DONGYUE ORGANOSILICONE REMAINS AS A SUBSIDIARY OF THE COMPANY AFTER THE A SHARE OFFERING

Immediately upon completion of the A Share Offering, the Company indirectly holds approximately 57.75% interest in Dongyue Organosilicone, and therefore Dongyue Organosilicone remains as a non-wholly-owned subsidiary of the Company.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 11 March 2020

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.