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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)**

### **VOLUNTARY ANNOUNCEMENT FRAMEWORK CO-OPERATION AGREEMENT FOR THE INVESTMENT IN AN INDUSTRIAL SILICONE FURNACE PROJECT**

This announcement is made by Dongyue Group Limited (the “**Company**”) on a voluntary basis.

The Company is pleased to announce that on 13 July 2021, Shandong Dongyue Organosilicone Materials Co., Ltd. (山東東岳有機硅材料股份有限公司) (“**Dongyue Organosilicone**”), a non-wholly owned subsidiary of the Company listed on ChiNext of the Shenzhen Stock Exchange, entered into a framework co-operation agreement with the People’s Government of the Luodian County, Guizhou Province, the People’s Republic of China (the “**Luodian People’s Government**”) for the investment in an industrial silicone furnace project (the “**Framework Co-operation Agreement**”).

#### **THE FRAMEWORK CO-OPERATION AGREEMENT**

The principal terms of the Framework Co-operation Agreement are as follows:–

##### **Date**

13 July 2021

##### **Parties**

- (i) The Luodian People’s Government; and
- (ii) Dongyue Organosilicone.

## **Subject matter**

Pursuant to the Framework Co-operation Agreement, Dongyue Organosilicone agreed to invest in a two-phased industrial silicone furnace project consisting a total of eight furnaces (33,000 kVA), ancillary environmental protection facilities and waste heat power generation located in the Bianyang Town, Luodian County, Guizhou Province, the People's Republic of China (the "**Project**").

## **Investment amount**

Approximately RMB1.0 billion by Dongyue Organosilicone (subject to project approval by the relevant governmental authorities).

## **Land scale of the Project**

800 mu, among which 300 mu will be used for industrial silicone furnaces in phase one of the Project, 300 mu will be used for phase two, and the remaining 200 mu will be treated as reserve land.

## **Construction period**

The construction period of phase one of the Project (consisting four furnaces) will be twelve months after commencement conditions are met.

Phase two construction (consisting four furnaces) will be twelve months, and will commence (i) twelve months after operation of phase one furnaces; and (ii) after commencement conditions are met.

## **Rights and obligations of the parties to the Framework Co-operation Agreement**

### ***Rights and obligations of the Luodian People's Government***

- (i) The Luodian People's Government shall co-ordinate the Project's land use and energy consumption targets and ensure supply of water and electricity.
- (ii) The Luodian People's Government shall ensure Dongyue Organosilicone's usage rights to compatible quartz mines.
- (iii) The Luodian People's Government shall provide assistance in the administrative procedures and approvals related to the Project.

### ***Rights and obligations of Dongyue Organosilicone***

- (i) Dongyue Organosilicone shall observe the "Three Simultaneities" principles during construction, achieve certain waste emission standards, conduct proper environmental assessment, and conduct conservation of soil and water.

- (ii) Dongyue Organosilicone shall commence construction according to the plan, and ensure it adheres to certain quality control, environmental assessment, fire safety, construction safety standards.
- (iii) Dongyue Organosilicone shall ensure the furnaces operate in compliance with relevant laws and regulations.

## **REASONS FOR AND BENEFITS OF THE PROJECT**

The project contemplated under the Framework Co-operation Agreement aligns with the development strategies of the Group and will expand its supply chain. Further, the local economy will be benefited by utilizing Luodian county's natural resources, thereby creating a win-win relationship between the Group and the Luodian People's Government.

The Framework Co-operation Agreement merely provides a framework of cooperation between the Luodian People's Government and Dongyue Organosilicone, the terms of which are subject to project approval by the relevant governmental authorities. **Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.**

To the best knowledge, information and belief of the Company and having made all reasonable enquiries, the Luodian People's Government is a third party independent to the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited).

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

The PRC, 13 July 2021

*As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Wang Weidong, Mr. Zhang Zhefeng, Mr. Zhang Bishu and Mr. Zhang Jian as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Ma Zhizhong as independent non-executive directors.*