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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)

COMPLETION OF PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agents



CITIC SECURITIES



**CICC
中金公司**

The Board is pleased to announce that all Conditions as set out in the Placing Agreement have been satisfied and Completion took place on 8 September 2021. An aggregate of 145,000,000 Placing Shares have been placed to not less than six Placees at the Placing Price per Placing Share pursuant to the terms and conditions of the Placing Agreement.

Reference is made to the announcement of the Company dated 1 September 2021 in respect of the placing of new Shares under the General Mandate.

COMPLETION OF PLACING

The Board is pleased to announce that all Conditions as set out in the Placing Agreement have been satisfied (including the granting of approval by the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares on the Stock Exchange) and Completion took

place on 8 September 2021. An aggregate of 145,000,000 Placing Shares have been placed to not less than six Placees at the Placing Price of HK\$23.00 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

The Placing Price of HK\$23.00 per Placing Share represents a discount of approximately 0.09% to the average closing price of HK\$23.02 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and excluding the date of the Placing Agreement and a discount of approximately 4.29% to the average closing price of approximately HK\$24.03 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the date of the Placing Agreement.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Placees and their respective ultimate beneficial owner(s), as applicable, are Independent Third Parties. None of the Placees has become a substantial Shareholder of the Company immediately upon Completion.

The gross proceeds and the net proceeds (after deduction of the relevant expenses and fees) from the Placing amounted to HK\$3.335 billion and approximately HK\$3.31 billion, respectively. The Company intends to allocate the net proceeds as follows:

Usage	Amount	Approximate percentage of total net proceeds
(a) Enhancing the Group's production capacity of PVDF (a type of fluoropolymer that is climate resistant and highly machinable with excellent mechanical properties, which can be used as weather-resistant coating materials, adhesives for lithium batteries and photovoltaic backplanes) and its raw material (being R142b coolant)	Approximately HK\$2.0 billion	60.42%
(b) Enhancing the Group's production capacity of PTFE (a synthetic fluoropolymer with high level of resistance to temperature changes, electrical insulation, and aging and chemical resistant) and its raw material (being R22 coolant)	Approximately HK\$800 million	24.17%
(c) Replenishing the general working capital of the Group	Approximately HK\$510 million	15.41%

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The Placing Shares represent:

- (a) Approximately 6.87% of the issued share capital of the Company immediately before Completion; and
- (b) Approximately 6.43% of the issued share capital of the Company as enlarged upon Completion.

The shareholding structure of the Company immediately before and after Completion is as follows:

	Immediately before Completion		Immediately after Completion	
	Number of Shares	Approximate percentage of issued share capital	Number of Shares	Approximate percentage of issued share capital
Macrolink Overseas Development Limited ⁽¹⁾	150,000,000	7.10%	150,000,000	6.65%
MACRO-LINK International Investment Co., Ltd. ⁽²⁾	418,405,818	19.81%	418,405,818	18.54%
Dongyue Team Limited ⁽³⁾	258,948,451	12.26%	258,948,451	11.47%
Mr. Zhang Jianhong ⁽⁴⁾	7,147,636	0.34%	7,147,636	0.32%
Mr. Zhang Jian ⁽⁵⁾	91	0.00%	91	0.00%
Mr. Zhang Zhefeng ⁽⁶⁾	650,000	0.03%	650,000	0.03%
The Placees	–	–	145,000,000	6.43%
Other public Shareholders	1,276,537,459	60.45%	1,276,537,459	56.57%
Total issued Shares	2,111,689,455	100.00%	2,256,689,455	100.00%

Notes:

- (1) Macrolink Overseas Development Limited is wholly-owned by MACRO-LINK International Investment Co., Ltd.
- (2) MACRO-LINK International Investment Co., Ltd. is wholly-owned by Macro-Link Industrial Investment Limited, which in turn is wholly-owned by Macro-Link Holding Limited. Macro-Link Holding Limited is owned (i) as to 93.4% by Cheung Shek Investment Limited, a company controlled by Mr. Fu Kwan (one of our executive Directors) and Ms. Xiao Wenhui; and (ii) as to 2.83% by Mr. Fu Kwan, respectively.
- (3) Dongyue Team Limited is wholly-owned by Mr. Zhang Jianhong, one of our executive Directors.
- (4) Mr. Zhang Jianhong is one of our executive Directors.
- (5) Mr. Zhang Jian is one of our executive Directors.

(6) Mr. Zhang Zhefeng is one of our executive Directors.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	Dongyue Group Limited (stock code: 189), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing pursuant to the Placing Agreement, which took place on the sixth business day after the date of the Placing Agreement, being the date of this announcement
“Conditions”	the conditions precedent to Completion under the Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 10 June 2021, under which the Directors were authorised to allot, issue and deal with up to a maximum of 422,337,891 Shares (being 20% of the issued share capital of the Company at the date of passing of the relevant resolution)
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is(are) not connected persons of the Company and is(are) third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agents or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of 145,000,000 Placing Shares on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agents”	collectively, CLSA Limited and China International Capital Corporation Hong Kong Securities Limited
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 31 August 2021 in relation to the Placing
“Placing Price”	HK\$23.00 per Placing Share
“Placing Shares”	145,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 8 September 2021

As at the date of this announcement, the Directors 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.