

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**DONGYUE GROUP LIMITED**

**東岳集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 189)**

**ANNOUNCEMENT OF INTERIM RESULTS FOR 2022**

**FINANCIAL HIGHLIGHTS**

*(in RMB million, unless otherwise stated)*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
Revenue	<b>10,113</b>	6,471
Gross profit	<b>3,728</b>	1,696
Gross profit margin	<b>36.86%</b>	26.21%
Profit before taxation	<b>2,381</b>	998
Profit for the period	<b>1,968</b>	795
Profit for the period attributable to owners of the Company	<b>1,693</b>	603
Earnings per share – basic and diluted (RMB)	<b>0.76</b>	0.29
	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
Total equity	<b>16,662</b>	15,638
Net assets per share (RMB)	<b>7.39</b>	6.93

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>10,113,288</b>	6,470,878
Cost of sales		<u><b>(6,385,543)</b></u>	<u>(4,775,068)</u>
Gross profit		<b>3,727,745</b>	1,695,810
Other income and other gains or losses	4	<b>95,489</b>	96,302
Distribution and selling expenses		<b>(218,250)</b>	(191,295)
Administrative and other expenses		<b>(568,190)</b>	(247,337)
Research and development costs		<b>(616,590)</b>	(302,758)
Fair value change on financial asset at fair value through profit or loss ("FVTPL")		<b>(37,669)</b>	(7,092)
Share of results of an associate		<b>15,682</b>	7,024
Finance costs		<u><b>(17,159)</b></u>	<u>(52,759)</u>
Profit before taxation		<b>2,381,058</b>	997,895
Income tax expense	5	<u><b>(413,418)</b></u>	<u>(203,105)</u>
Profit for the period	6	<b>1,967,640</b>	794,790
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
– Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")		<u><b>(17,205)</b></u>	<u>(88,922)</u>
Total comprehensive income for the period		<u><b>1,950,435</b></u>	<u>705,868</u>
Profit for the period attributable to:			
– Owners of the Company		<b>1,692,775</b>	603,234
– Non-controlling interests		<u><b>274,865</b></u>	<u>191,556</u>
		<u><b>1,967,640</b></u>	<u>794,790</u>
Total comprehensive income for the period attributable to:			
– Owners of the Company		<b>1,675,570</b>	514,312
– Non-controlling interests		<u><b>274,865</b></u>	<u>191,556</u>
		<u><b>1,950,435</b></u>	<u>705,868</u>
Earnings per share	8		
– Basic and diluted (RMB)		<u><b>0.76</b></u>	<u>0.29</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	<i>Note</i>	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		9,172,785	8,298,069
Right-of-use assets		840,213	838,270
Deposits paid for purchase of property, plant and equipment		742,925	471,203
Interest in an associate		206,371	198,321
Intangible assets		24,175	31,357
Equity instruments at FVTOCI		373,374	390,579
Financial asset at FVTPL		–	37,669
Deferred tax assets		48,248	42,754
Deposit paid for acquisition of a subsidiary		119,524	119,524
Goodwill		123,420	123,420
		<b>11,651,035</b>	10,551,166
<b>Current assets</b>			
Inventories		1,413,412	1,535,814
Properties for sale		1,623,158	1,592,507
Trade and other receivables	9	3,152,843	2,689,576
Restricted and pledged bank deposits		276,166	129,611
Bank balances and cash		5,671,472	5,102,552
		<b>12,137,051</b>	11,050,060

	<i>Note</i>	At 30 June 2022 <b>RMB'000</b> (unaudited)	At 31 December 2021 <b>RMB'000</b> (audited)
<b>Current liabilities</b>			
Trade and other payables	10	5,056,335	4,664,371
Borrowings		258,300	268,600
Dividend payables		620,666	–
Tax liabilities		248,010	229,278
Lease liabilities		5,156	4,983
Deferred income		66,812	80,256
		<u>6,255,279</u>	<u>5,247,488</u>
<b>Net current assets</b>		<u>5,881,772</u>	<u>5,802,572</u>
<b>Total assets less current liabilities</b>		<u>17,532,807</u>	<u>16,353,738</u>
<b>Capital and reserves</b>			
Share capital		212,196	212,338
Reserves		13,935,261	12,911,243
Equity attributable to the owners of the Company		14,147,457	13,123,581
Non-controlling interests		2,514,606	2,515,042
<b>Total equity</b>		<u>16,662,063</u>	<u>15,638,623</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		169,639	87,671
Borrowings		412,300	355,500
Lease liabilities		36,158	35,175
Deferred income		252,647	236,769
		<u>870,744</u>	<u>715,115</u>
		<u>17,532,807</u>	<u>16,353,738</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2022*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standard Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value through profit or loss and fair value through other comprehensive income.

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

**Application of amendments to International Financial Reporting Standards (“IFRSs”)**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

The Group's operations are organised based on the different types of products and property development. Information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products and property development. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Polymers;
- Organic silicone;
- Refrigerants;
- Dichloromethane, PVC and liquid alkali;
- Property development – development of residential properties at Shandong and Hunan Province, the PRC; and
- Other operations – manufacturing and sales of side-products of refrigerants segment, polymers segment, organic silicone segment and dichloromethane, PVC and liquid alkali segment and rental income.

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

#### Six months ended 30 June 2022 (Unaudited)

	Polymers	Organic silicone	Refrigerants	Dichloromethane PVC and liquid alkali	Property development	Other operations	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External sales	3,318,963	3,451,972	2,087,848	764,785	250,276	239,444	-	10,113,288
Inter-segment sales	-	-	1,482,950	7,595	-	540,684	(2,031,229)	-
Total revenue – segment revenue	<u>3,318,963</u>	<u>3,451,972</u>	<u>3,570,798</u>	<u>772,380</u>	<u>250,276</u>	<u>780,128</u>	<u>(2,031,229)</u>	<u>10,113,288</u>
Segment results	<u>1,148,539</u>	<u>636,691</u>	<u>353,822</u>	<u>213,517</u>	<u>4,750</u>	<u>78,472</u>	<u>-</u>	<u>2,435,791</u>
Unallocated corporate expenses								(15,587)
Fair value change on financial asset at FVTPL								(37,669)
Share of results of an associate								15,682
Finance costs								(17,159)
Profit before taxation								<u>2,381,058</u>

**Six months ended 30 June 2021 (Unaudited)**

	Polymers RMB'000	Organic silicone RMB'000	Refrigerants RMB'000	Dichloromethane PVC and liquid alkali RMB'000	Property development RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
External sales	1,942,387	1,610,491	1,223,303	749,218	743,382	202,097	-	6,470,878
Inter-segment sales	-	-	1,068,514	7,445	-	524,692	(1,600,651)	-
Total revenue – segment revenue	<u>1,942,387</u>	<u>1,610,491</u>	<u>2,291,817</u>	<u>756,663</u>	<u>743,382</u>	<u>726,789</u>	<u>(1,600,651)</u>	<u>6,470,878</u>
Segment results	<u>412,574</u>	<u>417,732</u>	<u>118,472</u>	<u>9,332</u>	<u>31,429</u>	<u>71,256</u>	<u>-</u>	1,060,795
Unallocated corporate expenses								(10,073)
Fair value change on financial asset at FVTPL								(7,092)
Share of results of an associate								7,024
Finance costs								<u>(52,759)</u>
Profit before taxation								<u>997,895</u>

Segment results represent the results of each segment without allocation of unallocated expenses and central administration costs, directors' salaries, share of results of an associate, fair value change on financial asset at FVTPL, and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. No segment information on assets and liabilities is presented as such information is not reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

#### 4. OTHER INCOME AND OTHER GAINS OR LOSSES

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Other income</b>		
Government grants ( <i>note i</i> )	16,557	55,970
Bank deposits interest income	34,188	34,972
Dividend income received from equity instruments at FVTOCI	–	7,200
Other interest income ( <i>note ii</i> )	6,833	1,608
Sundry income	3,127	5,873
	<u>60,705</u>	<u>105,623</u>
<b>Others gains or losses</b>		
Compensation received	–	326
Exchange difference, net	34,784	(9,647)
	<u>34,784</u>	<u>(9,321)</u>
	<u><u>95,489</u></u>	<u><u>96,302</u></u>

*Notes:*

- (i) During the six months ended 30 June 2022, the Group recognised government grants of RMB3,369,000 (six months ended 30 June 2021: RMB11,290,000) in the condensed consolidated statement of profit or loss and other comprehensive income. Government grants mainly represent the expenditure on research activities which are recognised as expense in the period in which they are incurred by the Group. The Group recognised these government grants as other income when there were no unfulfilled conditions or contingencies.

During the six months ended 30 June 2022, in addition, the Group recognised government grant of RMB13,188,000 (six months ended 30 June 2021: RMB44,680,000), which was released from deferred income, in the consolidated statement of profit or loss and other comprehensive income. The Group received subsidies from government in respect of the acquisition of property, plant and equipment for manufacturing of chemical products. Such subsidies are classified as deferred income in the consolidated statement of financial position and will be recognised in the consolidated statement of profit or loss and other comprehensive income over the estimated useful lives of the related assets.

- (ii) Included in other interest income was discounted interest income of RMB6,833,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB1,608,000).



## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)
Current tax		
PRC enterprise income tax (“EIT”)		
– Current year	378,845	171,326
– Under/(over) provision in prior years	21,390	(7,478)
Land Appreciation Tax (“LAT”)	<u>4,811</u>	<u>16,287</u>
	<u>405,046</u>	<u>180,135</u>
Deferred tax		
– Withholding tax for distributable profits of PRC subsidiaries	52,354	17,598
– Others	<u>(43,982)</u>	<u>5,372</u>
	<u>8,372</u>	<u>22,970</u>
Income tax expense	<u><u>413,418</u></u>	<u><u>203,105</u></u>

Tax charge mainly consists of income tax in the PRC attributable to the assessable profits of the Company’s subsidiaries established in the PRC. Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 June 2021: 25%), except for certain PRC subsidiaries being awarded the Advanced-Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15%.

The Company’s subsidiaries incorporated in Hong Kong is subject to income tax at the rate of 16.5% on the estimated assessable profits. No provision for Hong Kong profit tax is provided for as the Group did not have estimated assessable profits arising in Hong Kong during both periods.

Pursuant to the local rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 held by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. Deferred tax liability of RMB52,354,000 (six months ended 30 June 2021: RMB17,598,000) on the undistributed earnings of subsidiaries has been charged to profit or loss for the six months ended 30 June 2022.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Amortisation of intangible assets (included in cost of sales)	8,111	7,858
Depreciation of property, plant and equipment	423,321	339,660
Depreciation of right-of-use assets	13,680	13,492
Fair value change on financial asset at FVTPL	37,669	7,092
Government grants	(16,557)	(55,970)
Loss on disposal of property, plant and equipment	10,037	15,474
(Reversal of impairment on)/impairment on trade and other receivables	(3,859)	4,305
Write-down of inventories (included in cost of sales)	<u>102,264</u>	<u>14,835</u>

## 7. DIVIDENDS

During the six months ended 30 June 2022, a final dividend of HK\$0.34 per share amounting to HK\$766,254,000 (equivalent to RMB620,666,000) in respect of the year ended 31 December 2021 (six months ended 30 June 2021: a final dividend of HK\$0.14 per share amounting to HK\$295,636,000 (equivalent to RMB263,116,000) in respect of the year ended 31 December 2020) has been declared and the amount has been paid as at the date of this interim report.

## 8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit for the year attributable to owners of the Company, used in the basic and diluted earnings per share calculations	<b><u>1,692,775</u></b>	<b><u>603,234</u></b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b><u>2,236,097</u></b>	<b><u>2,059,164</u></b>

During the six months ended 30 June 2022, the Group purchased 1,321,000 ordinary shares under employee option scheme (during the six months ended 30 June 2021, the Group purchased 1,650,000 ordinary shares under employee option scheme).

The Company repurchased and cancelled 1,501,000 shares of its own ordinary shares of the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the six months ended 30 June 2022 and 2021 has been arrived at after deducting the shares held in trust for the Company.

## 9. TRADE AND OTHER RECEIVABLES

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(audited)
Trade receivables ( <i>note</i> )	<b>2,575,804</b>	2,309,447
Less: allowance for doubtful debts	<b>(3,266)</b>	(2,260)
	<b>2,572,538</b>	2,307,187
Prepayments for raw materials	<b>218,762</b>	115,069
Value-added tax receivables	<b>77,922</b>	80,007
Deposit paid for property development	<b>45,864</b>	38,000
Deposits and other receivables	<b>237,757</b>	149,313
	<b>3,152,843</b>	2,689,576

Included in trade receivables are bills receivables amounting to RMB2,059,411,000 as at 30 June 2022 (31 December 2021: RMB2,015,258,000).

Included in bills receivables are amount due from an associate of approximately RMB5,565,000 as at 30 June 2022 (31 December 2021: RMB19,095,000).

Customers are generally granted with credit period ranged between 30-90 days for trade receivables. Bills receivables are generally due in 90 days or 180 days. The following is an aging analysis of trade and bills receivables, net of allowance for credit losses presented based on the invoice date.

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(audited)
Within 90 days	<b>1,264,380</b>	1,736,823
91-180 days	<b>1,305,737</b>	569,118
181-365 days	<b>2,421</b>	1,246
	<b>2,572,538</b>	2,307,187

## 10. TRADE AND OTHER PAYABLES

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(audited)
Trade payables ( <i>note i</i> )	<b>2,565,300</b>	2,588,251
Contract liabilities – sale of chemical products ( <i>note ii</i> )	<b>196,687</b>	232,921
Contract liabilities – sale of properties ( <i>note iii</i> )	<b>569,339</b>	612,994
Payroll payable	<b>552,038</b>	439,263
Payable for property, plant and equipment	<b>509,790</b>	279,480
Other tax payables	<b>62,765</b>	61,419
Construction cost payables for properties under development for sale	<b>107,980</b>	128,924
Other payables and accruals	<b>492,436</b>	321,119
	<hr/>	<hr/>
Total	<b><u>5,056,335</u></b>	<b><u>4,664,371</u></b>

### Notes:

- (i) Included in the trade payables are bills payables amounting to RMB170,000,000 (31 December 2021: RMB172,257,000). Bills payables are secured by the Group's pledged bank deposits and bills receivables.
- (ii) The amount represents the receipt in advance from customers arising from pre-sale of chemical products.
- (iii) The amount represents the receipt in advance from customers arising from the pre-sale of properties in the PRC. The amount was secured by pledged bank deposits of approximately RMB145,538,000 (31 December 2021: RMB124,145,000) as at 30 June 2022.

The following is an aging analysis of trade payables, presented based on the invoice date:

	<b>30 June 2022</b>	31 December 2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	(audited)
Within 30 days	<b>1,532,905</b>	1,644,568
31-90 days	<b>611,756</b>	660,141
91-180 days	<b>154,409</b>	195,027
181-365 days	<b>218,597</b>	33,724
1-2 years	<b>32,135</b>	34,987
More than 2 years	<b>15,498</b>	19,804
	<hr/>	<hr/>
	<b><u>2,565,300</u></b>	<b><u>2,588,251</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Review

In the first half of 2022, both domestic and international environments recorded significant changes, such as the resurgence of the pandemic in China, international politics and economic turmoil that beclouded the overall market with rising uncertainties. During the period under review, the fluorosilicon industry continued the positive momentum from the second half of last year. Although the uncertain macroeconomic factors have cooled down the popularity of some products, most of their prices still maintained at high levels. On the back of advanced technologies, stable operations, correct strategy, as well as the hard work of all employees, the Group overcame many difficulties in this uncertain environment and recorded the best interim results in the Group's history, which is the best gift for the 35th anniversary of the Group.

#### 1. *Significant year-on-year increase in results*

During the period under review, the Group maintained the operating momentum from the second half of last year through various advantages in technology, safeness, environmental protection and production chain support. Despite the volatile macro environment, the Group still managed to seize the market opportunity and achieved significant year-on-year growth. During the period, the revenue of the Group amounted to approximately RMB10,113,288,000, representing a year-on-year increase of 56.29%; gross profit margin amounted to 36.86%, representing a year-on-year increase of 10.65 percentage points; net profit amounted to approximately RMB1,967,640,000, representing a year-on-year increase of 147.57%; net profit attributable to the owners of the Company amounted to approximately RMB1,692,775,000, representing a year-on-year increase of 180.62%. These were the strongest set of interim results in the Group's 35 years of history.

#### 2. *Accelerating project construction according to market demand*

With rapid development in high-tech industry such as high frequency communication, new energy, semiconductor and high-end equipment, the market has a looming demand for high-end fluorine and silicon materials produced by the Group. The Group has expanded accordingly and put more emphasis on the technology research and development for the related products. During the period under review, the Group has completed 30 project constructions, with numbers of existing projects in progress, including the expansion and construction of PVDF products that are widely discussed in the market. In recent years, the new energy industry, such as lithium battery and photovoltaic, has undergone rapid development. Since the Group's PVDF products are the essential materials for this industry, market demand of PVDF rose accordingly. The Group has become an important supplier of the domestic lithium battery grade PVDF.

### **3. Further increasing research and development (“R&D”) effort**

The Group has always believed that the Group’s technical advantages in the industry is one of the most important factors to achieve remarkable financial results. The management has always put on great importance to technology research and development. The results after a long period of technology research and development have enabled the Group to end the advanced technological monopoly, controlled by the international enterprises, against many of the Group’s products. The Group has now become an important supplier of various high-end materials in China. During the period under review, the R&D expenses amounted to approximately RMB616,590,000, representing an increase of 103.66%, as compared with that of approximately RMB302,758,000 of the same period in 2021. During the period, the Group had a total of 267 R&D projects, of which 116 new projects, 59 completed projects, 85 new products have been launched, and the proportion of revenue generated from the new products further increased. The Group submitted 23 patent applications and was granted approval on 42 patents, for a total of 501 valid patents. Currently, the Group had a total of 597 researchers, and 244 of which held a master’s degree or above.

### **4. *Overcoming the impact of the epidemic and making every effort to ensure stable production***

The recurrent COVID-19 outbreak in China in the first half of the year adversely affected procurement, production, sales and transportation. The Group carried out preliminary plans, strict control implementation and multi-lateral coordinations. All employees have overcome the difficulties and challenges, which helped ensure stable production of the Group during the period of pandemic. Through implementing the digitalization on safety and environmental protection management, the Group’s professional management level in such area has much improved, which helped ensure an overall stability on operations, and provided solid support to the significant growth in the first half financial results.

## **Prospect**

### **1. *Increase efforts to promote technological research innovation results***

As an innovative high-tech enterprise, R&D development has always been the Group’s top priority. The Group has formulated strategic development plans on high-end chemicals to help provide a solid foundation for high quality production and sustainability. In the second half of the year, the Group will accelerate the selection, implementation and launch of each R&D project. In return, positive market response will serve as a good reward to the Group’s R&D investment. Furthermore, the Group will also implement independent operations on technology research and development institutions to help realise R&D independence, as well as the commercialised operating efficacy. All these developments would help the Group target better on the high-end segments, explore new paths and create next generation’s products.

## **2. *Accelerating progress of major projects***

In view of the current market changes, the Group will further accelerate the construction of the major projects, which would help the Group to preemptively gain a favorable market position, and create a healthy foundation for future development. The Group expects the new 10,000 tons/year PVDF project to complete and commence operation in October. Together with the technological improvement of the Group's existing production capacity, the Group expects the production capacity of the PVDF product to increase to 25,000 tons/year by the end of the year. Currently, the Group has accelerated the application of the project construction on the remaining 30,000 tons/year out of the total production capacity of 55,000 tons/year. With the rapid expansion of PVDF production capacity in the market, it is expected that the price of this product will gradually fall back to the normal range. The Group will gain sustainable competitive advantage by expanding production capacity, improving quality, increasing R&D, and reducing costs.

## **3. *Constructing a green industry chain and low carbon industrial park***

Going green and low carbon emission set the key tone for the current direction of the development in the PRC. Under this environment, the Group aims to construct a green production chain and low carbon industrial park. The Group encourages the application of advanced energy-saving and carbon reduction technology and equipment in the park to reduce energy consumption, and meanwhile raise the comprehensive utilization rate of the by-products.

## **4. *Enhancing internal control standard***

Excellent enterprise should stay alert of the potential risks and carry out corresponding measures, hence internal control management is essential. The management of the Group puts on great importance to internal control management, thereby improving a large number of system regulations in recent years to comprehensively reduce operational risks. In the second half of the year, based on the improving systems, the Group will further regulate system implementation, strengthen and implement more stringent internal audits, as well as integrating audit supervision and daily work to ensure smooth completion on all work, with high efficiency and in compliance. Furthermore, in the first half of the year, the digitalised system of the Group has improved significantly, while the safeness, environmental protection and compliance standardised programme have also been formulated. In the second half of the year, the Group will use the digitalised system to connect all business functions, with the expectation to achieve comprehensive and standardised operations, strengthen internal control and reduce potential risks.



## 5. *Further reducing financial expenses*

Due to its excellent performance in recent years, the Group has good cash flow. The Group expects to further reduce the cost of interest-bearing liabilities in the second half of the year, and while ensuring the safety of funds, increase the interest income from deposits and improve the quality of operations. The Group will strive to achieve a historic net interest income during the year to help the growth of corporate operating results.

This year marks the 35th anniversary of Dongyue. In the past 35 years, Dongyue has experienced setbacks but has also created many good achievements. We always stay firm to our philosophy and are committed to the development of the fluorosilicon industry. Despite a complicated business environment in the future, the Group will still overcome all difficulties with firm belief that through advanced technology, comprehensive production chain, professional management, correct decision, as well as the hard work of all Dongyue people, we will continue to strive for strong financial results to reward our investors for their long-term trust and support.

## Financial review

### Results Highlights

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB10,113,288,000, representing an increase of 56.29% over RMB6,470,878,000 of the corresponding period last year. The gross profit margin increased to 36.86% (corresponding period of 2021: 26.21%) and the consolidated segment results margin\* was 24.09% (corresponding period of 2021: 16.39%). The operating results margin\*\* was 23.56% (corresponding period of 2021: 16.13%). During the period under review, the Group recorded profit before taxation of approximately RMB2,381,058,000 (corresponding period of 2021: RMB997,895,000), and net profit of approximately RMB1,967,640,000 (corresponding period of 2021: RMB794,790,000), while the total comprehensive income for the period was approximately RMB1,950,435,000 (corresponding period of 2021: RMB705,868,000). The unaudited consolidated results of the Group have been reviewed by the Audit Committee and the external auditor of the Company.

\* Consolidated Segment Results Margin = Consolidated Segment Results ÷ Revenue × 100%

\*\* Operating Results Margin = (Profit before Tax + Finance Costs - Share of Results of Associates) ÷ Revenue × 100%

### Segment Revenue and Operating Results

Set out below is the comparison, by reportable and operating segments, of the Group's revenue and results for the six months ended 30 June 2022 and the six months ended 30 June 2021:

Reportable and Operating Segments	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Revenue RMB'000	Results RMB'000	Segment Results Margin	Revenue RMB'000	Results RMB'000	Segment Results Margin
Fluoropolymer	3,318,963	1,148,539	34.61%	1,942,387	412,574	21.24%
Refrigerants	2,087,848	353,822	16.95%	1,223,303	118,472	9.68%
Organic silicone	3,451,972	636,691	18.44%	1,610,491	417,732	25.94%
Dichloromethane, PVC and Liquid Alkali	764,785	213,517	27.92%	749,218	9,332	1.25%
Property development	250,276	4,750	1.90%	743,382	31,429	4.23%
Others	239,444	78,472	32.77%	202,097	71,256	35.20%
Total	<u>10,113,288</u>	<u>2,435,791</u>	<u>24.09%</u>	<u>6,470,878</u>	<u>1,060,795</u>	<u>16.39%</u>

## *Analysis of Revenue and Operating Results*

During the period under review, despite the market impact of the pandemic, domestic and international political and economic situation, the prosperity of the fluorosilicon industry remained relatively high, with most products growing at different rates as compared with the same period of the previous year. Among those products, the prices of important products such as R142b and PVDF remained at their historical high and their performance was outstanding, which was an important factor to enhance the Group's overall performance.

### *Fluoropolymer*

During the period under review, the external sales of Fluoropolymer segment were approximately RMB3,318,963,000, representing a year-on-year increase of 70.87% (the first half of 2021: RMB1,942,387,000), accounting for 32.82% (the first half of 2021: 30.02%) of the Group's total external sales. The results of the segment recorded a profit of RMB1,148,539,000, representing an increase of 178.38% as compared with RMB412,574,000 in the same period of the previous year.

During the period under review, the segment results of fluoropolymers significantly increased due to the rise in year-on-year demand for PVDF resulting from the emergence of the domestic lithium battery industry since last year. The related product price also significantly increased as compared with the same period of last year. The market of such product continued the momentum from the second half of last year with some shortages. Therefore, the Group has plans to expand the production capacity of such product during the year and in the future, with an overall estimate to reach total production capacity of 55,000 tons/year by 2025.

The Group relies on the internal supply of R22 for the production of TFE (a fluorocarbon), which is used by the Group for the production of polymers products such as PTFE (a synthetic fluoropolymer with high level of resistance to temperature changes, electrical insulation, aging and chemical resistant that is used as a coating material and can also be further processed into high-end fine chemicals, which can be widely applied in chemicals, construction, electrical and electronics and automotive industries) and HFP (an important organic fluorochemical monomer, which can be used to produce various fine chemicals). Furthermore, the refrigerants segment of the Group supplied R22 and R142b as the raw materials for the production of a variety of downstream fluoropolymer fine chemicals including FEP (modified materials of PTFE, produced with HFP added in TFE, mainly used in the lining for wire insulation layer, thin-walled tube, heat shrinkable tubes, pumps, valves and pipes), FKM (Fluorine Rubber, a specialized fluorinated material, which is mainly used in the fields of aerospace, automotive, machinery and petro-chemistry due to its superior mechanical property, excellent oil, chemical and heat resistance), PVDF (fluorocarbon made through aggregation of VDF produced with R142b, mainly used as a lithium battery cathode binder, photovoltaic backplane membrane and anti-corrosion coating) and VDF. The Group leads the domestic production capacity in this segment. PTFE, HFP, FEP, FKM and PVDF have a total capacity of 55,000 tons/year, 10,000 tons/year, 10,000 tons/year, 3,000 tons/year, and 12,000 tons/year, respectively.

## *Organic Silicone*

During the year, the organic silicone segment's external sales increased by 114.34% to RMB3,451,972,000 from RMB1,610,491,000 in the previous year, accounting for 34.13% (the first half of 2021: 24.89%) of the Group's total external sales. The results of the segment recorded a profit of RMB636,691,000, representing an increase of 52.42% from a profit of RMB417,732,000 in the previous year.

During the period under review, certain listed fundraising and investment projects of Shandong Dongyue Organosilicon Materials Co. Ltd has put into operation, resulting in the significant increase in production capacity of the segment, thus the revenue of external sales and results of the segment also increased significantly.

This segment mainly included the revenue from the production and sales of DMC (upstream organic silicone intermediates that are used as raw materials to produce deep processed mid-stream and downstream silicone products, such as silicone oils, silicone rubber and silicone resins), 107 Silicone Rubber, Raw Vulcanizate and Gross Rubber (collectively referred to as "Silicone Rubbers", deep processed organic silicone rubber products, where Raw Vulcanizate is a key material for producing Gross Rubber), and other by-products and other high-end downstream products, such as Gaseous Silica and Silicone Oils. Named as "Industrial MSG", organic silicone is widely applied in military, aviation, automotive, electronic, construction and other industries, mainly in the form of additives, treatment chemicals stabilizers, lubricants and sealants and is a key ingredient in industrial processes. The Group initially produces silicone monomers with silicone powder and internally generated chloromethane and further processes them to become silicone intermediates (mainly DMC), with certain portion of which the Group produces for Silicone Rubbers and other organic silicone products. The Group can also produce and generate other by-products and high-end downstream products, such as Gaseous Silica and Silicone Oils through its production processes. The business segment of the Group has an aggregate monomer production capacity of 300,000 tons/year. Dongyue Organosilicone, the producer of the business segment, was successfully listed on Shenzhen Stock Exchange (SZSE) ChiNext Market on 12 March 2020, and the funds raised will be used in the 300,000 tons/year monomer and 200,000 tons/year downstream deep-processing expansion projects. Upon reaching its target output, the segment will have a monomer production capacity of 600,000 tons/year.

## *Refrigerants*

During the period under review, the refrigerants segment's external sales increased by 70.67% to RMB2,087,848,000 from RMB1,223,303,000 in the previous year, accounting for 20.64% (the first half of 2021: 18.90%) of the Group's total external sales. The results of the segment recorded a profit of RMB353,822,000, representing a year-on-year increase of 198.65% from a profit of RMB118,472,000 in the first half of 2021.

Among all products in the refrigerants segment, the good performance of the R142b products was the main contributor to the year-on-year growth on the segment results. The R142b products can be used as a raw material for the PVDF products. Due to the demand surge on PVDF, which also led to strong demand on R142b, resulting in a significant year-on-year increase in product price. In addition, the price of the R22 products were relatively stable due to the impact of limited quota. However, the price of the major products replacing R22 such as R32 and R410a decreased to a certain extent as compared with the same period in previous year, mainly due to the low demand of the downstream market resulting from the pandemic and both the domestic and international political and economic factors.

The Group has the largest production capacity of R22 in the world, with an aggregate production capacity of 220,000 tons/year. R22 is the Group's backbone refrigerants product. Moreover, R22 is the most widely used refrigerant in the PRC and is generally used in household appliances. Apart from that, it has been one of the key raw materials for the production of the fluoropolymers (i.e. PTFE, HFP and other downstream fluorinated chemicals) and R125. R125 and R32 are the key refrigerant mixture for other types of green refrigerants (such as R410a) to replace R22. Currently, the Group's R125 and R32 each has a production capacity of 60,000 tons/year. Currently, R410a has been the principal replacing refrigerant which has been widely applied in inverter air conditioners and other green home appliances. R134a is broadly used in the refrigeration and air-conditioning systems in automobile air conditioners, while R152a is another key refrigerant product of the Group which can also be used as blowing agents, aerosols and cleaning agents, as well as in the production of R142b. The Group's R142b has an aggregate production capacity of 33,000 tons/year. Apart from the fact that R142b can be used as refrigerant, temperature controller medium, and intermediates of aviation propellant, it can also be the main raw material for the production of PVDF. The Group still has expansion plans for R142b, which have currently been put on agenda.

### ***Dichloromethane, PVC and Liquid Alkali***

During the year under review, the segment's external sales increased by 2.08% to RMB764,785,000 from RMB749,218,000 in the previous year, accounting for 7.56% (the first half of 2021: 11.58%) of the Group's total external sales. The results of the segment recorded a profit of RMB213,517,000, representing a year-on-year increase of 2,188.01% (the first half of 2021: profit of RMB9,332,000).

The products of this segment are chemical commodities, and their product prices fluctuate with market conditions. During the year under review, market demand of the products in this segment was high, which pushed up product prices significantly, and therefore profitability recorded a greater year-on-year increase.

This segment included the revenue from production and sales of two major auxiliary products (dichloromethane and liquid alkali) of Refrigerants Segment of the Group and PVC products. Liquid alkali is a basic chemical product from the production of methane chloride (essential chemical for the production of refrigerants and organic silicone products), and used in the textile, power and materials industries. Methane chloride includes dichloromethane, which is mainly used to produce antibiotics and as a foaming mode for polyurethane. The Group is engaged in the production of PVC (a widely used thermoplastic polymer applied in the construction industry to replace traditional building materials). The production of refrigerants products generates a chemical, hydrogen chloride, which is one of the basic raw materials for PVC production. Therefore, the Group's PVC production can ensure production synergies, increasing economic value generated from a self-sufficient business chain.

### ***Property Development***

During the year under review, this segment has three property projects for sale, which are located in Huantai County, Zibo City, Shandong Province, Yucheng City, Shandong Province, and Zhangjiajie City, Hunan Province, respectively. The segment's external sales during the period were RMB250,276,000, representing an decrease of 66.33% as compared to the same period in 2021 (RMB743,382,000), accounting for 2.47% of the Group's total external sales. The segment results were RMB4,750,000, representing a decrease of 84.89% as compared with the first half of 2021 (RMB31,429,000). Currently, there are a few property projects remained in this segment and no new projects are developed.

### ***Others***

During the period under review, the external sales of the segment were RMB239,444,000, representing an increase of 18.48% as compared with RMB202,097,000 in the previous year. The results of the segment recorded a profit of RMB78,472,000 (the first half of 2021: RMB71,256,000), representing a year-on-year increase of 10.13%.

This segment includes the revenue from the production and sales of other by-products of the operating segments of the Group, such as Ammonium Bifluoride, Hydrofluoric Acid and Bromine.

### ***Distribution and Selling Expenses***

During the period, the distribution and selling expenses increased by 14.09% to RMB218,250,000 from RMB191,295,000 of the corresponding period last year, which is attributable to the increase in the sales transportation fees during the period.

### ***Administrative and Other Expenses***

During the period, the administrative expenses increased by 129.72% to RMB568,190,000 from RMB247,337,000 of the corresponding period last year, which was mainly attributable to (i) an increase in total remuneration during the period; and (ii) an increase in the impairment loss of assets of the Company.

### ***Finance Costs***

During the period, the finance costs decreased by 67.48% to RMB17,159,000 from RMB52,759,000 of the corresponding period last year, which was mainly attributable to the decrease in borrowings of the Group as compared to the corresponding period last year.

### ***Capital Expenditure***

For the six months ended 30 June 2022, the Group's aggregate capital expenditure was approximately RMB1,616,112,000 (six months ended 30 June 2021: RMB1,128,374,000). The Group's capital expenditure were mainly for the construction of right-of-use assets (land use rights), factories, equipment, and production line for the new projects of the Group.

### ***Liquidity and Financial Resources***

The Group's financial position is sound with healthy working capital management and sufficient operating cash flow. As at 30 June 2022, the Group's total equity amounted to RMB16,662,063,000 representing an increase of 6.54% compared with 31 December 2021. As at 30 June 2022, the Group's bank balances and cash totaled RMB5,671,472,000 (31 December 2021: RMB5,102,552,000). During the period under review, the Group generated a total of RMB2,545,245,000 (six months ended 30 June 2021: RMB1,209,438,000) net cash inflow from its operating activities. The current ratio<sup>(1)</sup> of the Group as at 30 June 2022 was 1.94 (31 December 2021: 2.11).

Taking the above figures into account, together with the available bank balances and cash, the unutilized banking credit facilities and support from these bank as well as sufficient operating cash flows, the management is confident that the Group will have adequate resources to settle any debts and to finance its daily operating and capital expenditures.

## ***Capital Structure***

During the period, other than (1) the Company repurchased and cancelled a total of 1,501,000 ordinary shares of the Company, and (2) as disclosed in the section headed “Employee Option Scheme” in this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities. The number of issued shares of the Company is 2,253,689,455 as at 30 June 2022.

As at 30 June 2022, the borrowings of the Group totaled RMB670,600,000 (31 December 2021: RMB624,100,000). The gearing ratio<sup>(2)</sup> of the Group was -42.88% (31 December 2021: -40.13%). The negative gearing ratio as at 30 June 2022 represents the Group is “net cash” positive (i.e. has more cash and cash equivalents than its debt).

*Notes:*

(1) Current Ratio = Current Assets ÷ Current Liabilities

(2) Gearing Ratio = Net Debt ÷ Total Capital

Net Debt = Total Borrowings – Bank Balances and Cash

Total Capital = Net Debt + Total Equity

## ***Group Structure***

During the period under review, there has been no material change in the structure of the Group.

## ***Charge on Assets***

As at 30 June 2022, the Group has certain property, plant and equipment and right-of-use assets/lease prepayments with the aggregate carrying amount of approximately RMB58,175,000 (31 December 2021: RMB61,037,000) pledged to the Group’s borrowing; bank deposits of RMB276,166,000 (31 December 2021: RMB124,145,000), which were pledged for bills payable, letters of credit and restricted funds for pre-sale properties.

## ***Exposure to Fluctuations in Exchange Rates and Related Hedges***

The Group’s functional currency is RMB with most of the transactions settled in RMB. However, foreign currencies (mainly the United States dollar) were received/paid when the Group earned revenue from overseas customers and when settling purchases of machinery and equipment from the overseas suppliers.

In order to reduce the risk of holding foreign currencies, the Group normally converts the foreign currencies into RMB upon receipt while taking into account its foreign currencies payment schedule in the near future.



## *Employees*

The Group employed 6,843 employees in total as at 30 June 2022 (31 December 2021: 6,824). The Group implemented its remuneration policy and bonus based on the performance of the Group and its employees. The Group provided benefits such as medical insurance, employee option scheme and pensions to maintain competitiveness.

## *Interim Dividend*

The Board of Directors (the “Board”) did not declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the period, the Company repurchased, on the Stock Exchange of Hong Kong Limited (the “HKSE”), a total of 1,501,000 ordinary shares of the Company (the “Buyback Shares”) at a price range of HK\$10.58 to HK\$11.10 per shares with aggregate consideration of HK\$16,403,120, which was funded from internal resources of the Company. The Buyback Shares were validly cancelled on 25 February 2022.

The Directors performed the share repurchase in accordance with the share repurchase mandate granted by its shareholders at the annual general meetings and in the best interests of the Company and its shareholders as a whole. The share repurchases were carried out having considered the market conditions and financial arrangements, the Directors believe that the share repurchase would enhance the value of the Company and its shareholders in the long term.

Other than as disclosed above and under the section headed “Employee Option Scheme”, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) contained in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the HKSE. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2022 and all Directors confirmed that they have fully complied with the relevant requirements set out in the Model Code during the period.

## **Audit Committee**

The Audit Committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The existing Audit Committee comprises Mr. Ting Leung Huel, Stephen (Chairman), Mr. Yang Xiaoyong, and Mr. Ma Zhizhong, all being independent non-executive Directors.

The Audit Committee, the management of the Company and external auditors had on 16 August 2022 reviewed the accounting standards and practices adopted by the Group and discussed matters regarding internal control and financial reporting including the review of the Group's interim results for the six months ended 30 June 2022, which have been reviewed by the Group's external auditors, before proposing them to the Board for approval.

## **Remuneration Committee**

The Company has established a Remuneration Committee with written terms of reference to consider for the remuneration for Directors and senior management of the Company and other related matters. The Remuneration Committee comprises Mr. Yang Xiaoyong (Chairman) and Mr. Ting Leung Huel, Stephen, who are independent non-executive Directors, and Mr. Zhang Jianhong who is an executive Director.

## **Nomination Committee**

The Company established a Nomination Committee with written terms of reference on 18 March 2012 to be responsible for the appointment of new Director(s) of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Nomination Committee and Mr. Ting Leung Huel, Stephen and Mr. Yang Xiaoyong were appointed as the members of the Nomination Committee.

## **Corporate Governance Committee**

The Corporate Governance Committee was established by the Board with written terms of reference with effect from 21 March 2013 to be responsible for the corporate governance of the Company and other related matters. Mr. Zhang Jianhong was appointed as the chairman of the Corporate Governance Committee and Mr. Wang Weidong and Mr. Zhang Bishu (passed away on 21 June 2022) were appointed as the members of the Corporate Governance Committee.

## **Risk Management Committee**

The Risk Management Committee was established by the Board with written term of reference with effect from 13 August 2015 to be responsible for the risk management of the Company and other related matters. Mr. Ting Leung Huel, Stephen was appointed as the chairman of the Risk Management Committee, Mr. Yang Xiaoyong and Mr. Ma Zhizhong were appointed as the members of the Risk Management Committee.

## **Compliance with the Code on Corporate Governance Practices**

Throughout the six months ended 30 June 2022, save as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for Code Provision A.2.1.

### ***Code Provision A.2.1***

There was a deviation from Code Provision A.2.1 of the Code:

Provision Code A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Jianhong is both the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same position provides the Group with stronger and more consistent leadership and allows for more effective planning. Further, the Board considers that this structure will not impair the balance of power, which has been closely monitored by the Board, which comprises experienced and high caliber individuals. The Board has full confidence in Mr. Zhang and believes that the current arrangement is beneficial to the business prospect of the Group.

### **Employee Option Scheme**

On 27 December 2018, the Company adopted an employee option scheme (the “Employee Option Scheme”) which shall be valid and effective for a term of five (5) years. The purposes of the Employee Option Scheme are (i) to recognize the contributions by certain employees or consultants of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

During the six months ended 30 June 2022, 1,321,000 Shares have been purchased by the trustee under the Employee Option Scheme. No Options have been granted under the Employee Option Scheme during the reporting period.

As at 30 June 2022, 18,131,000 Shares are held by the trustee under the Employee Option Scheme.

Subsequent to the reporting period, on 26 July 2022, Hong Kong Tai Li International Trading Company Limited, a wholly-owned subsidiary of the Company, was newly appointed as the trustee of the Employee Option Scheme while Hong Kong Ju Yue International Trading Company Limited had resigned as the trustee.

The Employee Option Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

## ANNOUNCEMENT OF INTERIM RESULTS AND PUBLICATION OF INTERIM REPORT

This interim results announcement is published on the Company's website at [www.dongyuechem.com](http://www.dongyuechem.com) and the website of the HKSE at [www.hkexnews.hk](http://www.hkexnews.hk). The Interim Report will also be available at the websites of the Company and the HKSE and will be dispatched to shareholders of the Company before the end of September 2022.

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

The PRC, 22 August 2022

*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 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.*