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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the profit and total comprehensive income of the Group for the 2013 Interim Period is expected to decrease substantially as compared to the profit and total comprehensive income for the six months ended 30 June 2012. This profit warning announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group for the Relevant Period and an estimate of the operating performance of the Group for the remaining part of the 2013 Interim Period by the Board.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group for the four months ended 30 April 2013 (the “**Relevant Period**”), the profit and total comprehensive income of the Group for the Relevant

Period has decreased substantially as compared to the corresponding period last year.

During the year ended 31 December 2012, due to the bleak domestic and overseas economic environment, uncertainties in the prospect of the industry and the slowdown in the domestic economic growth in the People's Republic of China (the "PRC"), the fluorochemical industry was adversely affected by the decreases in both demand and selling prices of fluorochemical products. Such unfavourable market sentiment has not turned around during the Relevant Period. As a result, the Group experienced substantial decrease in the selling prices of its fluorochemical products year-on-year, which led to a decrease in the gross profit margin of the Group during the Relevant Period. Although the Group completed the acquisition of Shandong Huaxia Shenzhou New Materials Company Limited ("**Huaxia Shenzhou**") in February 2013 and has started to consolidate the financial results of Huaxia Shenzhou after the completion, the contributions from Huaxia Shenzhou cannot fully mitigate the negative impact arising from the decrease in the selling prices in the fluorochemical industry. Moreover, the Group recorded a substantial reduction in both the sales volume and the gross profit margin of the Group's Certified Emission Reduction business segment, which, together with the above-mentioned factors, mainly accounted for the substantial decrease in the profit and total comprehensive income of the Group for the Relevant Period year-on-year.

The Board currently anticipates that the outlook of the fluorochemical industry may not significantly improve in May and June of 2013. Accordingly, it is expected that the profit and total comprehensive income of the Group for the six months period ending 30 June 2013 (the "**2013 Interim Period**") would also substantially decrease as compared to the six months period ended 30 June 2012. The Board currently expects that the interim financial results of the Group for the 2013 Interim Period would be affected by, among other things, the prices of the Group's products and raw materials for the remaining part of the 2013 Interim Period, which are expected to be subject to fluctuations resulting from changes in market conditions.

The information contained in this announcement is only based on a preliminary assessment by the Board of information currently available, including the unaudited consolidated management accounts of the Group for the Relevant Period, which have not yet been audited, or reviewed by the Company's auditors or the audit committee of the Board.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 9 May 2013

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Dr. Wu Tao and Mr. Zhang Jian as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Liu Yi and Mr. Yue Run Dong, as independent non-executive directors.