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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 based on the Management Accounts for the year ended 31 December 2013, the Group's profit and total comprehensive income attributable to the owners of the Company is expected to decrease by not more than 40% as compared to the Group's profit and total comprehensive income attributable to the owners of the Company for the year ended 31 December 2012. Such decrease is a preliminary estimate, based only on a preliminary draft of the Management Accounts for the year ended 31 December 2013, which are subject to audit and review by the Company's auditors and 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.

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.

Reference is made to the Company's profit warning announcement dated 9 May 2013. 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 (the “**Management Accounts**”) for the year ended 31 December 2013 (the “**Relevant Year**”), the Group’s profit and total comprehensive income attributable to the owners of the Company for the Relevant Year has decreased by not more than 40% as compared to the year ended 31 December 2012.

For the six months ended 30 June 2013, due to bleak domestic and overseas economic environment, uncertainties in the development trend and the slowdown in the domestic economic growth in the People’s Republic of China (the “**PRC**”), the whole fluorochemical industry was hard hit by the decreases in both product demand and selling prices. Such unfavourable market conditions have not substantially turned around in the second half of 2013 and the selling prices of the Group’s fluorochemical and dichloromethane products experienced significant decline year-on-year, which led to a drop in the gross profit margin of the Group during the Relevant Year. Although there have been improvements in the Group’s Organic Silicone business segment in terms of operating results margin during the Relevant Year and the Group completed the acquisition of Shandong Huaxia Shenzhou New Materials Company Limited (“Huaxia Shenzhou”) on 21 February 2013, the contributions from Huaxia Shenzhou and the Organic Silicone business segment cannot fully mitigate the negative impact arising from the decrease in the selling prices aforementioned. Moreover, the Group recorded a substantial drop in the sales volume of the Group’s Certified Emission Reduction business segment, which, together with the above-mentioned factors, mainly accounted for the substantial decrease in the Group’s profit and total comprehensive income attributable to the owners of the Company for the Relevant Year year-on-year.

The information contained in this announcement is based only on a preliminary assessment by the Board of information currently available, including the Management Accounts for the Relevant Year, which are subject to audit and review by the Company’s auditors and the audit committee of the Board. Figures and information are in the course of being reviewed and are subject to adjustments. The Group’s audited annual results for the Relevant Year are expected to be announced in late-March 2014.

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, 17 January 2014

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.