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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)

**(1) APPOINTMENT OF INDEPENDENT COUNSEL AND
INDEPENDENT FORENSIC EXPERT
AND
(2) DELAY IN PUBLICATION OF THE 2015 ANNUAL RESULTS
AND DELAY IN DESPATCH OF THE 2015 ANNUAL REPORT
AND
(3) SUSPENSION OF TRADING**

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

Reference is made to the Company’s announcement dated 24 February 2016 in relation to suspected misappropriation of funds (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

APPOINTMENT OF INDEPENDENT COUNSEL AND INDEPENDENT FORENSIC EXPERT

As disclosed in the Announcement, the Company has set up an independent committee (the “**Independent Committee**”) which will appoint an independent forensic expert to perform an independent review and/or investigation to circumstances of the Suspected Misappropriation and the Suspected Potential Misappropriation and other related matters (the “**Circumstances**”).

The Board wishes to update its shareholders and the public that on 7 March 2016, the Independent Committee engaged LT Lawyers (the “**Independent Counsel**”), a firm of Hong Kong solicitors, as its counsel to advise and represent it in the independent review and/or investigation to the Circumstances and that on 10 March 2016, the Independent Counsel in turn engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited (the “**Independent Forensic Expert**”, collectively with the Independent Counsel, the “**Independent Task Force**”) as the independent forensic expert to perform an independent review (the “**Review**”) to the Circumstances. The objectives of the Review are to establish, inter alia, how the Suspected Misappropriation and the Suspected Potential Misappropriation happened.

The Independent Forensic Expert commenced fieldwork in relation to the Review on 11 March 2016. In respect of the expected timetable of the Review, the Independent Forensic Expert anticipates that it will complete its fieldwork and provide the Independent Counsel with a preliminary draft report within approximately ten weeks from commencement of the fieldwork, i.e. in or around mid-May 2016, subject to any necessary extensions depending on the progress of the Review. Thereafter, on the basis of its initial findings, the Independent Task Force may make recommendations to the Independent Committee for further review procedures to be performed. The Company will update its shareholders and the public by way of announcement if there is any material change to the expected timetable.

UPDATE ON DEVELOPMENT OF THE INVESTIGATIONS BY THE PUBLIC SECURITY AUTHORITY

The Company was informed by the Public Security Authority that in relation to the Suspected Misappropriation and the Suspected Potential Misappropriation, it has taken various enforcement measures, including arrest, criminal detention, on bail pending trial and custody at a designated residence, against nine individuals including the Suspect and the two employees of the Group as referred to in the Announcement. Such two employees have as a result ceased to be employed by the Group. According to the Public Security Authority, it considers that under PRC law the Suspected Misappropriation and the Suspected Potential Misappropriation were premeditated criminal incidents involving conspiracy between internal and external individuals and multiple criminal activities. The Company will update its shareholders and the public on further developments of the investigations by the Public Security Authority, if any, when such information becomes available to the Company.

DELAY IN PUBLICATION OF THE 2015 ANNUAL RESULTS AND DELAY IN DESPATCH OF THE 2015 ANNUAL REPORT

Pursuant to Rule 13.49(1) and 13.46(2)(a) of the Listing Rules, the Company is required to publish its preliminary results in respect of the financial year ended 31 December 2015 (the “**2015 Annual Results**”) on or before 31 March 2016, and to send the annual report for the same financial year (the “**2015 Annual Report**”) to its shareholders on or before 30 April 2016.

The Board wishes to announce that as the Review is still in progress and the process of providing further or requisite information to the Company’s auditors for them to perform and complete their audit procedures in respect of the consolidated results of the Group for the year ended 31 December 2015 can only be completed upon satisfactory completion of the Review and issuance of the report(s) of the Independent Forensic Expert, publication of the 2015 Annual Results and despatch of the 2015 Annual Report will be delayed. As a result, the date of the meeting of the Board for the purposes of, among other things, considering and approving the 2015 Annual Results has not been fixed as at the date of this announcement.

The Board acknowledges that the delay in the publication of the 2015 Annual Results and the despatch of the 2015 Annual Report constitute non-compliance with Rules 13.49(1) and 13.46(2)(a) of the Listing Rules. The Company will publish further announcement(s) to inform the shareholders of the Company of the date of the release of the 2015 Annual Results and the date of despatch of the 2015 Annual Report as and when appropriate.

SUSPENSION OF TRADING

Pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer’s securities if an issuer fails to publish periodic financial information and the suspension will normally remain in force until the issuer publishes the requisite financial information. Accordingly, trading of shares in the Company on the Stock Exchange will be suspended from 9:00 a.m. on 1 April 2016 and shall remain suspended until the publication of the 2015 Annual Results.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 31 March 2016

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, Mr. Feng Jianjun and Mr. Zhang Jian as executive directors, and Mr. Ting Leung Huel, Stephen , Mr. Yang Xiaoyong and Mr. Yue Run Dong as independent non-executive directors.