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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)

INSIDE INFORMATION PROPOSED SPIN-OFF AND SEPARATE LISTING OF DONGYUE ORGANOSILICONE ON THE SHENZHEN STOCK EXCHANGE

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

THE PROPOSED SPIN-OFF

The Board has resolved to spin-off Shandong Dongyue Organosilicone Materials Co., Ltd. (山東東岳有機硅材料股份有限公司) (“**Dongyue Organosilicone**”), an indirect non-wholly owned subsidiary of the Company which is primarily engaged in manufacturing and sale of organic silicone products, by way of separate offering and listing of Dongyue Organosilicone’s shares on ChiNext of the Shenzhen Stock Exchange (the “**Proposed Spin-off**”).

In this connection, the Company has submitted a proposal in relation to the Proposed Spin-off to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for approval pursuant to Practice Note 15 of the Listing Rules. As at the date of this announcement, the Company has not yet received approval from the Stock Exchange for the Proposed Spin-off.

If the Proposed Spin-off is approved and proceeded with, the Directors expect that, upon completion of the Proposed Spin-off, the Company's equity interest in Dongyue Organosilicone will be reduced, but the Company will continue to be the holding company of Dongyue Organosilicone. The Proposed Spin-off, if materializes, is expected to broaden the financing channels of the Group and enhance its growth potential, accelerate the development of Dongyue Organosilicone’s business and enhance its competitiveness and industry status, increase the investment in technology and environment protection, improve profitability and create value for the Company’s shareholders.

The Proposed Spin-off, if materializes, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14 of the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company should note that the Proposed Spin-off is subject to, among other things, approvals from relevant authorities, including the Stock Exchange and the China Securities Regulatory Commission, and the prevailing market conditions. There is no assurance as to whether and when the Proposed Spin-off will proceed. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in relation to the Proposed Spin-off in accordance with the requirements of the Listing Rules as and when appropriate.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 29 March 2018

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Zhang Zhefeng, Mr. Zhang Bishu 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.