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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)

VOLUNTARY ANNOUNCEMENT CAPITAL INJECTION INTO A LIMITED PARTNERSHIP

This announcement is made by Dongyue Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

THE CAPITAL INJECTION

The Company is pleased to announce that on 30 September 2021, Dongyue Fluorosilicone Science and Technology Group Co., Ltd.* (東岳氟硅科技集團有限公司), a wholly-owned subsidiary of the Company, entered into a capital injection agreement for the injection of RMB152 million (the “**Injection Amount**”) into Hainan Guji Investment Partnership (Limited Partnership)* (海南固基投資合夥企業 (有限合夥)) (“**Hainan Guji**”), a limited partnership established in the PRC which is an associated company of the Company (the “**Capital Injection**”). Subsequent to the Capital Injection, the Company’s capital contribution in Hainan Guji as a limited partner will amount to approximately 89.73% of its registered capital.

INFORMATION OF HAINAN GUJI

Hainan Guji is a limited partnership investment fund and an associated company of the Company. It invests using its self-owned capital. It has through its subsidiary committed to contribute an aggregate of approximately RMB182 million to the registered capital of two industrial silicone companies, namely Sichuan Leshan Xinhe Electric Development Co., Ltd.* (四川樂山鑫河電力綜合開發有限公司) and Sichuan Leshan Chuanhui Furnace Charge Co., Ltd.* (四川樂山川輝爐料有限責任公司) (together, the “**Silicone Companies**”). Hainan Guji's subsidiary holds approximately 82% equity interest in each of the Silicone Companies.

The Injection Amount will be used to invest in the Silicone Companies and further advances may be made by Hainan Guji and its subsidiary to them. It is believed that the Injection Amount and further advances (if any) will further boost the production capacity of the Silicone Companies and relieve their debts. The Company will make further announcement(s) as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as and when appropriate.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Silicone Companies have constructed 13 furnaces with an aggregate designed annual industrial silicone production capacity of approximately 130,000 tonne. Additional furnaces are under construction and once completed, the aggregate designed annual industrial silicone production capacity of the Silicone Companies will further increase to approximately 230,000 tonne, being one of the top three in the People's Republic of China according to market research. The Silicone Companies are mainly powered by renewable energy.

Subsequent to the Capital Injection, the Silicone Companies intend to prioritise the supply of industrial silicone to the Shandong Dongyue Organosilicone Materials Co., Ltd.* (山東東岳有機硅材料股份有限公司, a non-wholly owned subsidiary of the Company) at market price to satisfy its demand for raw materials. In view of the recent shortage of supply and rising market price of industrial silicone, the Company believes the Capital Injection will guarantee the supply of raw materials to the Group and enhance its supply chain, thereby ensuring production capacity, lowering production costs and increasing the Group's edge over its competitors.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The People's Republic of China, 3 October 2021

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, Mr. Zhang Bishu 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.

* *for identification purpose only*