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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 189)**

- (1) PROPOSED OFF-MARKET SHARE BUY-BACK;**
- (2) PROPOSED DISPOSAL; AND**
- (3) MAJOR AND CONNECTED TRANSACTION**

**Independent Financial Adviser**



## **INTRODUCTION**

Reference is made to the announcements of the Company dated 15 August 2022 and 19 September 2023, respectively, in relation to the judicial restructuring of MLH (which wholly-owns the Vendors and is a substantial shareholder indirectly holding approximately 23.12% of the issued share capital of the Company as at the date of this announcement) and the potential change in the shareholding of MLH in the Company. As stated in such announcements, MLH has been in discussions with its creditors and the court-appointed administrators on the proposals for restructuring the debts of MLH. Any such restructuring plan shall be put forward to the creditors' meeting and be approved by the PRC court before implementation.

On 23 October 2023 (after trading hours), (i) the Company entered into the Share Buy-back Agreement with the Vendors (each being a wholly-owned subsidiary of MLH) pursuant to which the Vendors have proposed to sell, and the Company has proposed to buy-back for cancellation, an aggregate of 520,977,818 Shares (representing approximately 23.12% of the issued share capital of the Company as at the date of this announcement) at an aggregate consideration of HK\$3,698,700,646 (equivalent to RMB3,456,729,576), being approximately HK\$7.1 per Buy-back Share; and (ii) Dongyue Fluorosilicone Technology, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with MLH pursuant to which Dongyue Fluorosilicone Technology has proposed to sell, and MLH has proposed to purchase, the respective Equity Interests in the Target Companies at an aggregate consideration of RMB3,456,729,576 (equivalent to HK\$3,698,700,646, consisting RMB1,752,000,000 (with regards to Dongyue Polymers), RMB1,539,729,576 (with regards to Dongyue Organosilicon) and RMB165,000,000 (with regards to Dongyue Hydrogen). The Share Buy-back and the Disposal are inter-conditional on each other with respect to the conditions of the other Transaction becoming unconditional.

The Share Buy-back Agreement is conditional upon, among others, (i) the Equity Transfer Agreement becoming unconditional (save as to any conditions in relation to the Share Buy-back Agreement becoming unconditional); (ii) the Independent Shareholders approving the Share Buy-back at the EGM with at least three-fourths of votes cast; (iii) the Executive giving his consent to the Share Buy-back; and (iv) the PRC court having handed down an order approving the Restructuring Plan of MLH. The Share Buy-back Completion will take place no later than 31 December 2024, subject to fulfilment or waiver (as the case may be) of all conditions under the Share Buy-back Agreement.

The Equity Transfer Agreement is conditional upon, among others, (i) the Share Buy-back Agreement becoming unconditional (save as to any condition(s) in relation to the Equity Transfer Agreement becoming unconditional); (ii) the Independent Shareholders approving the Disposal at the EGM; and (iii) the PRC court having handed down an order approving the Restructuring Plan of MLH. The Disposal Completion will take place no later than 31 December 2024, subject to fulfilment of all conditions under the Equity Transfer Agreement.

The consideration for the Disposal was determined by the parties to the Disposal with reference to the A-shares trading price (as to Dongyue Organosilicon), and their respective financial performance (as to Dongyue Polymers and Dongyue Hydrogen). For the purpose of the EGM and the benefits of the Shareholders, the Company has engaged an independent professional valuer to conduct independent valuation in relation to the Target Companies and such valuation report will be included in the circular to be despatched to the Shareholders.

The reasons for and benefits of the Transactions and the basis on which the terms of each of the Transactions were determined are set out in the section headed “Reasons for and benefits of the Transactions” below.

## **REGULATORY REQUIREMENTS**

### **Share Buy-backs Code**

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

### **Takeovers Code**

According to Rule 32 of the Takeovers Code, if a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights. As at the date of this announcement, other than Mr. Fu and companies controlled by him, the largest Shareholder group is Mr. Zhang Group, which in aggregate is interested in 436,941,087 Shares, representing approximately 19.39% of the issued share capital of the Company. Assuming there are no changes to the aggregate shareholding of Mr. Zhang Group, and the issued share capital of the Company from the date of this announcement up to the Share Buy-back Completion, the aggregate percentage shareholding of Mr. Zhang Group will be increased to approximately 25.22% of the reduced issued share capital of the Company upon the Share Buy-back Completion as a result of the Share Buy-back. On the basis of the foregoing and given that Mr. Zhang Group will hold less than 30% of the voting rights of the Company, no obligation on the part of Mr. Zhang Group to make a general offer for all the Shares not already owned or agreed to be acquired by Mr. Zhang Group will arise as a result of the Share Buy-back.

### **Listing Rules**

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are all less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, as at the date of this announcement, each of MACRO-LINK International and Macrolink Overseas is indirectly controlled (as defined in the Listing Rules) by Mr. Fu, hence an associate of Mr. Fu therefore connected persons of the Company under Chapter 14A of the Listing Rules. The Share Buy-back and the Disposal therefore also constitutes connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **EGM**

The EGM will be held to consider and approve, among others, the Share Buy-back Agreement, the Equity Transfer Agreement and the transactions contemplated thereunder.

## **Voting**

As at the date of this announcement, the Vendors Concert Group is interested in an aggregate of 529,481,909 Shares (representing approximately 23.49% of the issued share capital of the Company), including which the Vendors are interested in an aggregate of 520,977,818 Shares (representing approximately 23.12% of the issued share capital of the Company). Save as aforesaid, the Vendors Concert Group are not interested in any existing holding of voting rights or rights over the Shares. By reason of the requirements of the Share Buy-backs Code, the Takeovers Code and the Listing Rules, the Vendors Concert Group will abstain from voting at the EGM. Save for these parties, no other Shareholder is required to abstain from voting on the resolutions approving the Transactions.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to consider the Transactions and to give recommendation to the Independent Shareholders as to how to vote on the resolutions to be proposed at the EGM in relation thereof.

Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in this regard.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Transactions; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee containing its recommendation in respect of the Transactions; (iv) the business valuation report in relation to the Target Companies; (v) reports required under Rules 10.3 and 10.4 of the Takeovers Code; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 14 November 2023 in accordance with the Listing Rules, the Takeovers Code and the Share Buy-backs Code.

**Shareholders and potential investors of the Company should be aware that the Transactions are subject to a number of conditions being satisfied, including but not limited to the approval of the Share Buy-back by the Executive, and consequently the Transactions may or may not proceed. Accordingly, they are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.**

## INTRODUCTION

Reference is made to the announcements of the Company dated 15 August 2022 and 19 September 2023, respectively, in relation to the judicial restructuring of MLH (which wholly-owns the Vendors and is a substantial shareholder indirectly holding approximately 23.12% of the issued share capital of the Company as at the date of this announcement) and the potential change in the shareholding of MLH in the Company. As stated in such announcements, MLH has been in discussions with its creditors and the court-appointed administrators on proposals for restructuring the debts of MLH. Any such restructuring plan shall be put forward to the creditors' meeting and be approved by the PRC court before implementation.

The Restructuring Plan of MLH is formulated by the court-appointed administrators of MLH for restructuring the debts of MLH and bringing in new investors. As the shareholding of MLH in the Company held through the Vendors is part of the asset subject to the restructuring and for reasons set out in the section headed "Reasons for and benefits of the Transactions" below, on 23 October 2023 (after trading hours), (i) the Company entered into the Share Buy-back Agreement with the Vendors (each being a wholly-owned subsidiary of MLH) pursuant to which the Vendors have proposed to sell, and the Company has proposed to buy-back for cancellation, an aggregate of 520,977,818 Shares (representing approximately 23.12% of the issued share capital of the Company) at an aggregate consideration of HK\$3,698,700,646 (equivalent to RMB3,456,729,576), being approximately HK\$7.1 per Buy-back Share; and (ii) Dongyue Fluorosilicone Technology, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with MLH pursuant to which Dongyue Fluorosilicone Technology has proposed to sell, and MLH has proposed to purchase, the respective Equity Interests in the Target Companies at an aggregate consideration of RMB3,456,729,576 (equivalent to HK\$3,698,700,646, consisting RMB1,752,000,000 (with regards to Dongyue Polymers), RMB1,539,729,576 (with regards to Dongyue Organosilicon) and RMB165,000,000 (with regards to Dongyue Hydrogen). The Share Buy-back and the Disposal are inter-conditional on each other with respect to the conditions of the other Transaction becoming unconditional.

### I. THE SHARE BUY-BACK AGREEMENT

**Date** : 23 October 2023

**Parties** : (i) The Vendors (as vendors), each being a wholly-owned subsidiary of MLH; and  
(ii) The Company (as purchaser)

#### **Number of Buy-back Shares**

An aggregate of 520,977,818 Shares, representing approximately 23.12% of the issued share capital of the Company as at the date of this announcement.

## Consideration

The aggregate consideration for the Share Buy-back is HK\$3,698,700,646 (equivalent to RMB3,456,729,576) and is expected to be paid in cash in up to five stages. It is expected that the Share Buy-back Completion will not occur until the aggregate consideration for the Share Buy-back is fully paid. The consideration for the Share Buy-back was determined following arm's length commercial negotiations between the Vendors and the Company, taking into account, inter alia, the aggregate consideration of the Disposal, the movements in the market price of the Shares over a period of 180 consecutive trading days and prevailing market conditions.

The Buy-back Price represents:

- (i) a premium of approximately 32.93% to the closing price of HK\$5.34 per Share as quoted on the Stock Exchange on the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (ii) a premium of approximately 31.02% to the average closing price of HK\$5.42 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (iii) a premium of approximately 22.29% to the average closing price of HK\$5.80 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (iv) a premium of approximately 9.16% to the average closing price of HK\$6.50 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (v) a premium of approximately 9.39% to the average closing price of HK\$6.49 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (vi) a discount of approximately 4.03% to the average closing price of HK\$7.40 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement;
- (vii) a discount of approximately 7.07% over the audited net asset value per Share attributable to Shareholders as at 31 December 2022 of approximately HK\$7.64 per Share; and

- (viii) a premium of approximately 2.60% over the unaudited net asset value per Share attributable to Shareholders as at 30 June 2023 as published in the interim report of the Company for the six months ended 30 June 2023 of approximately HK\$6.92 per Share.

### **Conditions to the Share Buy-back Completion**

The Share Buy-back Completion is conditional upon the satisfaction or the waiver (if applicable) of the following conditions on or before the Long Stop Date:

- (i) approval of the Share Buy-back Agreement and the transactions contemplated thereunder by at least three-fourths of the votes cast on a poll by Independent Shareholders in attendance in person or by proxy at the EGM;
- (ii) the Executive having granted and not having withdrawn or revoked the approval for the Share Buy-back;
- (iii) the Restructuring Plan of MLH having been submitted to the creditors' meeting and the PRC court, and the PRC court having handed down and not having withdrawn an order approving the Restructuring Plan of MLH;
- (iv) the Equity Transfer Agreement becoming unconditional upon the satisfaction of its conditions (save as to any conditions in relation to the Share Buy-back Agreement becoming unconditional);
- (v) there is no judgment, award, order, injunction, request or demand by any law, court, arbitration institution or any governmental or other agency that would restrict, prohibit or annul the Share Buy-back Agreement and the transactions contemplated thereunder;
- (vi) all representations and warranties given by the Vendors and the Company remaining true and accurate in all material aspects and not misleading; and
- (vii) the Charged Shares have been released in full.

Save for condition (vi) above which is waivable by the Vendors (as to representations and warranties given by the Company) and the Company (as to representations and warranties given by the Vendors), none of the conditions above is capable of being waived by the Vendors or the Company. The Restructuring Plan of MLH is expected to be submitted to the creditors' meeting and the PRC court no later than January 2024, and condition (iii) above is expected to be fulfilled on or before 30 April 2024. As at the date of this announcement, none of the conditions have been fulfilled.

### **Share Buy-back Completion**

The Share Buy-back Completion will take place no later than 31 December 2024, subject to fulfilment or waiver (as the case may be) of all conditions under the Share Buy-back Agreement and payment of the consideration for the Share Buy-back in full by the Company.

Upon the Share Buy-back Completion and the Disposal Completion, the Company shall cancel the Buy-back Shares and any rights attaching thereto shall cease with effect from such cancellation.

## FUNDING OF THE SHARE BUY-BACK

Under the Companies Act, only fully paid-up Shares can be bought back, and any buy-back of Shares by the Company may only be funded out of the Company's profits, a fresh issue of Shares made for the purpose, the Company's share premium account, or if so authorised by its articles of association and subject to the Companies Act, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be bought-back must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Act, out of capital. As at 30 June 2023, the Company had share premium of approximately RMB3,935,865,000 (equivalent to approximately HK\$4,211,375,550). The Company will use its share premium to fund and effect the Share Buy-back.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Share Buy-back Completion (assuming there will be no other change in the aggregate shareholding of Mr. Zhang Group, and the issued share capital and the shareholding structure of the Company between the date of this announcement up to the Share Buy-back Completion):

Name of Shareholder	As at the date of this announcement		Immediately upon the Share Buy-back Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Vendors Concert Group	529,481,909	23.49	8,504,091	0.49
<i>MACRO-LINK International</i> <sup>(1)</sup>	370,977,818	16.46	—	—
<i>Macrolink Overseas</i> <sup>(1)</sup>	150,000,000	6.66	—	—
Directors of Vendors and Vendors' parent companies <sup>(2)</sup>	8,504,000	0.37	8,504,000	0.49
Mr. Zhang Jian <sup>(2)</sup>	91	0.00	91	0.00
Independent Shareholders	1,724,207,546	76.51	1,724,207,546	99.51
Mr. Zhang Group	436,941,087	19.39	436,941,087	25.22
<i>Dongyue Team Limited</i> <sup>(3)</sup>	258,948,451	11.49	258,948,451	14.94
Mr. Zhang <sup>(4)</sup>	7,147,636	0.32	7,147,636	0.41
<i>Qixin Investment</i> <sup>(5)</sup>	95,219,000	4.22	95,219,000	5.50
<i>Dongyue Wealth</i> <sup>(5)</sup>	75,626,000	3.36	75,626,000	4.37
Mr. Zhang Zhefeng <sup>(4)</sup>	750,000	0.03	750,000	0.04
Other independent Shareholders <sup>(6)</sup>	1,286,516,459	57.08	1,286,516,459	74.25
Total	2,253,689,455	100.00	1,732,711,637	100.00



*Notes:*

- (1) The ultimate beneficial owner of MACRO-LINK International and Macrolink Overseas is Mr. Fu.
- (2) This includes shareholding of directors (and their close relatives (as defined under the Takeovers Code), related trusts and companies controlled by any of the directors, their close relatives or related trusts) of the Vendors' parent companies (being Macrolink Industrial, MLH and Cheung Shek), namely (i) Ms. Liu Jing (a director of the Vendors, MLH, Macrolink Industrial and Cheung Shek) who holds 5,847,000 Shares; (ii) Mr. Ma Chenshan (a director of MLH and Cheung Shek) who holds 528,000 Shares; (iii) Ms. Xiao Wenhui (a director of MLH and Cheung Shek) who holds 1,070,000 Shares; (iv) Ms. Zhong Ping (the spouse of Mr. Feng Jianjun, a director of MLH and Cheung Shek) who holds 15,000 Shares; (v) Ms. Fu Shuangshuang (daughter of Mr. Fu and a director of MLH) who holds 250,000 Shares; (vi) Mr. Wu Xiangdong (close relative of Mr. Fu) who holds 789,000 Shares; and (vii) Ms. Wang Yi (a director of MACRO-LINK International and Macrolink Industrial) who holds 5,000 Share. Mr. Zhang Jian is an executive Director and is a member of the Vendors Concert Group.
- (3) Dongyue Team Limited is wholly-owned by Mr. Zhang.
- (4) Each of Mr. Zhang and Mr. Zhang Zhefeng is an executive Director, who does not have a material interest in the Transactions which is different from the interests of all other Shareholders and is not a member of nor acting in concert with the Vendors Concert Group.
- (5) As at the date of this announcement, Qixin Investment which holds 95,219,000 Shares and Dongyue Wealth which holds 75,626,000 Shares, are parties that have agreed to exercise the voting power of their respective shareholding interests in the Company in alignment with Mr. Zhang, and are parties acting in concert with Mr. Zhang. Mr. Zhang Group collectively holds 19.39% of the issued share capital of the Company. Each of Qixin Investment and Dongyue Wealth does not have a material interest in the Transactions which is different from the interests of all other Shareholders and is not acting in concert with the Vendors Concert Group.
- (6) These include 76,707,000 Shares, representing approximately 3.4% of the issued share capital of the Company as at the date of this announcement, held by Hong Kong Tai Li International Trading Company Limited, being the trustee of the employee share scheme of the Company and a wholly-owned subsidiary of the Company whose directors are employees of the Group. Under the employee share scheme, such Shares were purchased by the trustee on the Stock Exchange to be held for the benefit of the employees of the Group and have not been granted to any employees, Directors or any member of the Vendors Concert Group as at the date of this announcement. Under the rules of the employee share scheme, the trustee is not entitled to exercise any voting rights in the Shares held by it on trust for the employees. None of the members of the Vendors Concert Group, Mr. Zhang nor members of Mr. Zhang Group are directors or shareholders of the trustee and the purchase of such Shares by the trustee were not funded by them. Accordingly, the trustee is not a party acting in concert with any member of the Vendors Concert Group or Mr. Zhang Group.
- (7) Save for the 2,253,689,455 Shares in issue, the Company has no other options, convertible securities, warrants or derivatives in respect of the Shares in issue as at the date of this announcement.

## II. THE EQUITY TRANSFER AGREEMENT

- Date** : 23 October 2023
- Parties** : (i) Dongyue Fluorosilicone Technology (as vendor); and  
(ii) MLH (as purchaser)
- Assets being disposed of** : Pursuant to the terms of the Equity Transfer Agreement, Dongyue Fluorosilicone Technology has proposed to sell, and the Purchaser has proposed to purchase, the respective Equity Interests in the Target Companies comprising (i) approximately 23.12% equity interest in Dongyue Polymers; (ii) approximately 13.35% equity interest in Dongyue Organosilicon; and (iii) approximately 2.32% equity interest in Dongyue Hydrogen.
- The proportion of the respective Equity Interests in the Target Companies to be sold is determined based on and corresponds to the 23.12% equity interest held by the Company via Dongyue Fluorosilicone Technology in each of the Target Companies.
- Consideration** : The aggregate consideration for the Disposal is RMB3,456,729,576 (equivalent to HK\$3,698,700,646), comprising RMB1,752,000,000 (equivalent to HK\$1,874,640,000, with regards to Dongyue Polymers), RMB1,539,729,576 (equivalent to HK\$1,647,510,646, with regards to Dongyue Organosilicon) and RMB165,000,000 (equivalent to HK\$176,550,000, with regards to Dongyue Hydrogen).
- Such consideration will be payable and settled by the Purchaser in cash.
- Basis of consideration** : The consideration for the Disposal was determined following arm's length commercial negotiations between Dongyue Fluorosilicone Technology and the Purchaser, taking into account the A-share trading price (as to Dongyue Organosilicon) and the respective financial performance (as to Dongyue Polymers and Dongyue Hydrogen).
- Conditions precedent** : The Disposal Completion is conditional upon the satisfaction of the following conditions:
- (i) the Share Buy-back Agreement becoming unconditional (save as to the condition(s) relating to the Equity Transfer Agreement becoming unconditional);

- (ii) resolution(s) voted on by poll approving the Equity Transfer Agreement and the transactions contemplated thereunder having been passed at the EGM by more than 50% of the Independent Shareholders present at the EGM; and
- (iii) the PRC court having handed down an order approving the Restructuring Plan of MLH.

As at the date of this announcement, none of the above conditions have been fulfilled.

**Completion** : The Disposal Completion will take place no later than 31 December 2024, subject to fulfilment of all conditions under the Equity Transfer Agreement and payment of the consideration for the Disposal in full by MLH.

Immediately following the Disposal Completion, each of Dongyue Polymers and Dongyue Organosilicon will remain as a subsidiary of the Group, and Dongyue Hydrogen will remain as an associated company. If the Disposal is not completed for any reason not attributable to both parties and the Share Buy-back is completed (or the consideration for the Share Buy-back has been paid in part or in full), the Vendors undertake to refund the consideration for the Share Buy-back they received to the Company, and the Buy-back Shares which have been transferred (if any) shall be transferred back to the Vendors.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The difference between the net proceeds for the Disposal of RMB3,452,365,000 and the audited net asset value of the respective Equity Interests in the Target Companies as at 31 December 2022 of RMB2,906,377,000, is approximately RMB545,988,000, which will be recognised as equity. The Disposal taken together with the Share Buy-back are not expected to have a profit and loss impact on the Company as a whole.

As a result of the Transactions, the unaudited consolidated net asset value per Share attributable to the Shareholders of the Company is expected to increase from RMB6.47 to RMB6.93 per Share.

Given that the aggregate consideration for the Share Buy-back and the aggregate consideration for the Disposal are the same, and that the Group intends to use the sale proceeds from the Disposal to replenish the cash used in the Share Buy-back, there would be no material net cash flow effect as a result of the Disposal.

### III. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Reference is made to the announcements of the Company dated 15 August 2022 and 19 September 2023, respectively, in relation to the judicial restructuring of MLH and the potential change in the shareholding of MLH in the Company. As stated in such announcements, MLH has been in discussions with its creditors and the court-appointed administrators on proposals for restructuring the debts of MLH. Any such restructuring plan shall be put forward to the creditors' meeting and be approved by the PRC court before implementation.

The Company noted that, while the judicial restructuring of MLH is solely a matter between MLH, its creditors and the court-appointed administrators, the outcome of such discussions may affect the shareholding structure of the Company in that MLH's shareholding in the Company (indirectly through MACRO-LINK International and Macrolink Overseas) may be transferred to its creditor(s) and/or independent third parties pursuant to MLH's judicial restructuring, thereby causing uncertainty in the Company's shareholding structure. Taking into consideration of the foregoing, and that (i) MLH as a substantial shareholder of the Company, has been supportive of the Company's business and management operations; and (ii) it is expected that there would be no material net cash flow effect on the Company, the Company believes that the Share Buy-back and the Disposal which are inter-conditional on each other with respect to the conditions of the other Transaction being unconditional will be in the interest of the stability of the Company's shareholding structure. The Company has not only entered into the Share Buy-back but also entered into the Disposal as it enables the Company to minimise its cash outflow from the Share Buy-back. As the Group intends to use the sale proceeds from the Disposal to replenish the cash used in the Share Buy-back, it is expected there to be no material net cash outflow effect on the Company.

With regards to the Share Buy-back, after arm's length negotiations, the Buy-back Price was fixed at HK\$7.1 per Buy-back Share, representing a premium of approximately 31.02% to the average closing price of approximately HK\$5.42 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement, and a premium of approximately 22.29% to the average closing price of approximately HK\$5.80 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the last trading day of the Shares on the Stock Exchange prior to the date of the Share Buy-back Agreement. The Board (excluding members of the Independent Board Committee, who will give their recommendation after taking advice from the Independent Financial Adviser) considers the premium to be fair and reasonable for reasons including the following:

- (i) given creditors of MLH come from different industries that are not necessarily similar to that of the Group, in the event that there be a change in the identity of the single largest Shareholder of the Company as a result of the transfer to MLH's creditors and/or independent third parties, it will not be in the interests of the Company and the Shareholders as a whole;

- (ii) if MLH's indirect shareholding in the Company will be transferred, there will be uncertainty as to the shareholding structure of the Company following such settlement;
- (iii) there can be no assurance that the said creditors will elect to continue to hold Shares transferred to them, and should they instead elect to dispose of such Shares in the open market, the normal trading of Shares in terms of price and volume may be adversely affected;
- (iv) the Share Buy-back is a good opportunity for the Company to utilise its financial resources with the aim to enhance its earnings per Share, thereby generating greater shareholder value which is in the interest of all Shareholders;
- (v) the Share Buy-back is also a good opportunity for the Company to buy-back a significant amount of Shares without affecting the normal trading of the Shares in terms of price and volume, and is therefore less disruptive to the market compared to on-market transactions; and
- (vi) as the Group intends to use the sale proceeds from the Disposal to replenish the cash used in the Share Buy-back, there would be no material net cash flow effect as a result of the Disposal.

After the Disposal Completion, Dongyue Polymers and Dongyue Organosilicon will remain subsidiaries of the Group and Dongyue Organosilicon, despite that it will be held by the Company as to 44.4% upon the Disposal Completion, will remain a subsidiary of the Group as the Company will remain in control of its board of directors; and Dongyue Hydrogen will be held by Dongyue Fluorosilicone Technology as to 7.71% and by Dongyue Organosilicon as to 5.14% upon the Disposal Completion and will remain an associated company of the Group. The Disposal only involves the sale of the respective Equity Interests in the three Target Companies, but does not include or affect the Company's equity interests in its other subsidiaries or associated companies. The Target Companies were selected for the Disposal as a result of the commercial negotiations amongst the Dongyue Fluorosilicone Technology, MLH and the court-appointed administrator of the MLH taking in account the liquidity or the potential liquidity of the underlying equity interests of Dongyue Organosilicon (being an A-share listed company), Dongyue Polymers (which is being assessed by the Company for potential capital market fund-raising proposals or possibilities, subject to suitable market conditions and opportunities arising) and Dongyue Hydrogen (being considered for application for a separate listing on the Shanghai Stock Exchange or Shenzhen Stock Exchange). Given that the unaudited consolidated net asset value per Share attributable to the Shareholders of the Company is expected to be increased as a result of the Transactions as set out in the section headed "Financial Effect of the Disposal" of this announcement, and the Target Companies will remain subsidiaries or associated company of the Group as the case may be after the Disposal Completion, the Disposal is not expected to have a material adverse impact on the Group as a whole.

The consideration of the Disposal was arrived at after arm's length negotiations between the parties thereto taking into account the A-share trading price (as to Dongyue Organosilicon) and the respective financial performance (as to Dongyue Polymers and Dongyue Hydrogen, based on which, the Board (excluding members of the Independent

Board Committee, who will give their recommendation after taking advice from the Independent Financial Adviser) considers the consideration for the Disposal to be fair and reasonable. For purpose of the EGM and benefits of the Shareholders, the Company has engaged an independent professional valuer to conduct independent valuation in relation to the Target Companies and such valuation report will be included in the circular to be despatched to the Shareholders.

In view of the above, the Directors (excluding members of the Independent Board Committee, who will give their recommendation after taking advice from the Independent Financial Adviser) are of the view that the terms of the Share Buy-back and the Disposal are fair and reasonable and the Transactions are in the interests of the Company and the Shareholders as a whole.

#### IV. GENERAL INFORMATION

##### Information on the Group

The Group is primarily engaged in the five operating and reportable business segments of (i) manufacturing and sale of fluoropolymers; (ii) manufacturing and sale of refrigerants; (iii) manufacturing and sale of organic silicone; (iv) manufacturing and sale of dichloromethane, polyvinyl chloride (PVC) and liquid alkali; and (v) others, mainly comprising by-products from the above operating segments such as ammonium bifluoride, hydrofluoric acid and bromine, as well as property development.

Set out below is the audited financial information of the Company for the year ended 31 December 2021 and 2022, respectively and unaudited financial information of the Company for the six months ended 30 June 2022 and 2023 as published in the interim reports of the Company, respectively:

	For the year ended 31 December		For the six months ended 30 June	
	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)	(unaudited)
Profit before taxation	3,244,209	5,125,055	2,381,058	287,755
Profit after taxation	2,681,545	4,176,117	1,967,640	208,069

As at 31 December 2022, the audited net asset value of the Company was approximately RMB18,493,477,000. As at 30 June 2023, the unaudited net asset value of the Company as published in the interim report of the Company for the six months ended 30 June 2023 was approximately RMB16,742,561,000.

##### Information on the Vendors

MACRO-LINK International is a limited liability company incorporated in the BVI, a substantial shareholder of the Company prior to the Share Buy-back Completion, and is directly wholly-owned by Macrolink Industrial, which in turn is directly wholly-owned

by MLH, which is controlled by Mr. Fu as the single largest ultimate majority shareholder who is also the ultimate beneficial owner. It is primarily engaged in investment holding.

As at the date of this announcement, the directors of MACRO-LINK International are Mr. Fu, Mr. Chan Yeuk, Mr. Chung Shan Kwang, Ms. Liu Jing and Ms. Wang Yi.

As at the date of this announcement, the directors of Macrolink Industrial are Mr. Fu, Ms. Liu Jing and Ms. Wang Yi.

Macrolink Overseas is a limited liability company incorporated in the BVI, a substantial shareholder of the Company prior to the Share Buy-back Completion, and is directly wholly-owned by MACRO-LINK International, which is directly wholly-owned by Macrolink Industrial, which in turn is directly wholly-owned by MLH, which is controlled by Mr. Fu as the single largest ultimate majority shareholder who is also the ultimate beneficial owner. It is primarily engaged in investment holding.

As at the date of this announcement, the sole director of Macrolink Overseas is Ms. Liu Jing.

#### **Information on Dongyue Fluorosilicone Technology**

Dongyue Fluorosilicone Technology is a limited liability company established in the PRC and is a direct wholly-owned subsidiary of the Company. It is primarily engaged in investment and management of fluorosilicone new material business.

#### **Information on the Purchaser**

MLH is a limited liability company established in the PRC, a substantial shareholder of the Company prior to the Share Buy-back Completion. MLH is owned as to 93.4% by Cheung Shek, 2.83% by Mr. Fu, 0.11% by Ms. Xiao Wenhui (a director of MLH and Cheung Shek, who is not a close relative of Mr. Fu), 2.11% by Mr. Yang Yunhua, 1.33% by Mr. Wu Xiangdong (a close relative of Mr. Fu), 0.07% by Mr. Feng Jianjun (a director of MLH and Cheung Shek) and 0.15% by Mr. Zhang Bishu (a deceased former director of the Company and MLH), respectively. Cheung Shek is owned as to 59.76% by Mr. Fu, 33.46% by Ms. Xiao Wenhui, 3.36% by Mr. Zhang Jian (an executive Director of the Company) and 3.42% by Ms. Liu Jing (a director of the Vendors, MLH, Macrolink Industrial and Cheung Shek), respectively. MLH is primarily engaged in investment holding and management.

As at the date of this announcement, the directors of MLH are Mr. Fu, Ms. Fu Shuangshuang, Mr. Ma Chenshan, Ms. Xiao Wenhui, Mr. Feng Jianjun and Ms. Liu Jing.

As at the date of this announcement, the directors of Cheung Shek are Ms. Liu Jing, Mr. Ma Chenshan, Ms. Xiao Wenhui, Mr. Feng Jianjun and Mr. Zhang Jian.

## Information on the Target Companies

### *Dongyue Polymers*

Dongyue Polymers is a limited liability company established in the PRC and is directly wholly-owned by Dongyue Fluorosilicone Technology, which is a direct wholly-owned subsidiary of the Company. It is primarily engaged in manufacturing and sales of fluoropolymer.

Set out below is the audited financial information of Dongyue Polymers for the year ended 31 December 2021 and 2022, respectively:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	1,829,554	2,873,943
Net profit after taxation	1,595,756	2,489,980

As at 31 December 2022, the audited net asset value of Dongyue Polymers was approximately RMB9,446,930,000.

### *Dongyue Organosilicon*

Dongyue Organosilicon is a joint stock limited company established in the PRC and is an indirect non-wholly-owned subsidiary of the Company. Its shares are listed on ChiNext of the Shenzhen Stock Exchange (Stock Code: 300821.SZ). As at the date of this announcement, the Company through its wholly-owned subsidiary Dongyue Fluorosilicone Technology, is interested in approximately 57.75% equity interest in Dongyue Organosilicon. It is primarily engaged in manufacturing and sale of organic silicone products, which are widely applied in construction, electronic, electricity, new energy, automotive, textiles, medical supplies, personal care products and other fields as key ingredients in industrial processes, mainly in the form of sealants, additives, chemical stabilizers and lubricants.



Set out below is the audited financial information of Dongyue Organosilicon for the year ended 31 December 2021 and 2022 and unaudited financial information of Dongyue Organosilicon for the six months ended 30 June 2022 and 2023 as published in the interim reports of Dongyue Organosilicon on the Shenzhen Stock Exchange, respectively:

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)	(unaudited)
Net profit/loss before taxation	1,314,682	541,996	610,146	(190,664)
Net profit/loss after taxation	1,150,634	510,982	518,571	(191,656)

As at 31 December 2022, the audited net asset value of Dongyue Organosilicon was approximately RMB5,240,683,000. As at 30 June 2023, the unaudited net asset value of Dongyue Organosilicon as published in the interim report of Dongyue Organosilicon for the six months ended 30 June 2023 was approximately RMB4,929,027,000.

#### *Dongyue Hydrogen*

Dongyue Hydrogen is an associated company of the Company and is a joint stock company established in the PRC with limited liability. As at the date of this announcement, Dongyue Fluorosilicone Technology (a wholly-owned subsidiary of the Company) holds 10.03% equity interest in Dongyue Hydrogen, and Dongyue Organosilicon (held as to 57.75% by Dongyue Fluorosilicone Technology as at the date of this announcement) holds 5.14% equity interest in Dongyue Hydrogen, respectively. It is principally engaged in the business of research, production and sale of fluorinated proton exchange membrane, its key raw materials and derived products.

Set out below is the audited financial information of Dongyue Hydrogen for the year ended 31 December 2021 and 2022, respectively:

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	58,582	156,224
Net profit after taxation	54,095	144,000

As at 31 December 2022, the audited net asset value of Dongyue Hydrogen was approximately RMB974,802,000.

## V. REGULATORY REQUIREMENTS

### Share Buy-backs Code

The Share Buy-back constitutes an off-market share buy-back by the Company under the Share Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

### Takeovers Code

According to Rule 32 of the Takeovers Code, if a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights. As at the date of this announcement, other than Mr. Fu and companies controlled by him, the largest Shareholder group is Mr. Zhang Group, who in aggregate is interested in 436,941,087 Shares, representing approximately 19.39% of the issued share capital of the Company. Assuming there are no changes to the aggregate shareholding of Mr. Zhang Group, and the issued share capital of the Company from the date of this announcement up to the Share Buy-back Completion, the aggregate percentage shareholding of Mr. Zhang Group will be increased to approximately 25.22% of the reduced issued share capital of the Company upon the Share Buy-back Completion as a result of the Share Buy-back. On the basis of the foregoing and given that Mr. Zhang Group will hold less than 30% of the voting rights of the Company, no obligation on the part of Mr. Zhang Group to make a general offer for all the Shares not already owned or agreed to be acquired by Mr. Zhang Group will arise as a result of the Share Buy-back.

As at the date of this announcement:

- (a) save for (i) the 529,481,909 Shares held by the Vendors Concert Group, including the 520,977,818 Shares held by the Vendors; (ii) 436,941,087 Shares held by Mr. Zhang Group; and (iii) 750,000 Shares held by the Directors (other than Mr. Zhang, Mr. Fu and Mr. Zhang Jian), details of which are set out under "Effects on the Shareholding Structure of the Company" of this announcement, none of the Vendors Concert Group, Mr. Zhang Group, and the Directors (other than Mr. Zhang, Mr. Fu and Mr. Zhang Jian) holds, owns, controls, or directs the exercise of any Shares, convertible securities, warrants, options or derivatives in respect of the Shares;
- (b) there is no irrevocable commitment to vote in favour of or against the Share Buy-back Agreement received by the Company or parties acting in concert with it;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) or contract under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares and which might be material to the Share Buy-back;

- (d) there is no agreement or arrangement to which the Company is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back;
- (e) none of the Company or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) save as to the consideration for the Share Buy-back (i.e. HK\$3,698,700,646), there is no consideration, compensation or benefit in whatever form paid or to be paid by the Company or parties acting in concert with it to the Vendors Concert Group in connection with the Share Buy-back;
- (g) save as to Share Buy-back Agreement and the Equity Transfer Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company or parties acting in concert with it on the one hand, and the Vendors Concert Group on the other hand; and
- (h) save as to the Share Buy-back Agreement and the Equity Transfer Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between: (1) any Shareholders; and (2) the Company, any parties acting in concert with it, and the subsidiaries or associated companies of the Company.

### **Listing Rules**

As one or more of the applicable percentage ratios in respect of the Disposal exceed 25% but are all less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, as at the date of this announcement, each of MACRO-LINK International and Macrolink Overseas is indirectly controlled (as defined in the Listing Rules) by Mr. Fu, hence an associate of Mr. Fu therefore connected persons of the Company under Chapter 14A of the Listing Rules. The Share Buy-back and the Disposal therefore also constitutes connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **VI. GENERAL**

### **EGM**

The EGM will be held to consider and approve, among others, the Share Buy-back Agreement, the Equity Transfer Agreement and the transactions contemplated thereunder.

### **Voting**

As at the date of this announcement, Vendors Concert Group is interested in an aggregate of 529,481,909 Shares (representing approximately 23.49% of the issued share capital of the Company), including which the Vendors are interested in an aggregate of 520,977,818 Shares (representing approximately 23.12% of the issued share capital of the Company). Save as aforesaid, the Vendors Concert Group are not interested in any existing holding of voting rights or rights over the Shares. By reason of the requirements of the Share Buy-backs Code, the Takeovers Code and the Listing Rules, the Vendors Concert Group will abstain from voting at the EGM. Save for these parties, no other Shareholder is required to abstain from voting on the resolutions approving the Transactions.

## **VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been established to consider the Transactions and to give recommendation to the Independent Shareholders as to how to vote on the resolutions to be proposed at the EGM in relation thereof.

Somerley Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in this regard.

## **VIII. QUARTERLY RESULTS OF A SUBSIDIARY**

Reference is made to the announcement of the Company dated 20 October 2023, containing the first nine months results of 2023 of a subsidiary of the Company, being Dongyue Organosilicon, which were published on the website of the Shenzhen Stock Exchange on the same day. As Dongyue Organosilicon is listed on the Shenzhen Stock Exchange, its third quarter results were published in accordance with the applicable listing rules of the Shenzhen Stock Exchange, PRC laws and regulations and requirements of relevant competent authorities, and for equal dissemination of information to all Shareholders, the Company has published the said announcement on the Stock Exchange on Dongyue Organosilicon's third quarter results on the same day.

Shareholders and potential investors of the Company should note that such third quarter results comprise unaudited financial information of Dongyue Organosilicon for the nine months ended 30 September 2023 which constitute a profit forecast of the Company and due to practical timing difficulties in meeting the reporting requirements under Rule 10.4 of the Takeovers Code, such profit forecast does not meet the standard required

under Rule 10 of the Takeovers Code. The profit forecast will be reported on in the circular of the Company in accordance with Rules 10.3 and 10.4 of the Takeovers Code. **Shareholders and potential investors of the Company are advised to exercise caution in placing reliance on such profit forecast in assessing the merits and demerits of the Transactions and when dealing in the securities of the Company.**

## **IX. DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Transactions; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee containing its recommendation in respect of the Transactions; (iv) the business valuation report in relation to the Target Companies; (v) reports required under Rules 10.3 and 10.4 of the Takeovers Code; and (vi) the notice of the EGM, is expected to be despatched to the Shareholders on or before 14 November 2023 in accordance with the Listing Rules, the Takeovers Code and the Share Buy-backs Code.

**Shareholders and potential investors of the Company should be aware that the Transactions are subject to a number of conditions being satisfied, including but not limited to the approval of the Share Buy-back by the Executive, and consequently the Transactions may or may not proceed. Accordingly, they are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“acting in concert”	has the meaning as defined under the Takeovers Code
“Board”	the board of Directors
“Buy-back Price”	the proposed buy-back price of HK\$7.1 per Buy-back Share
“Buy-back Share(s)”	an aggregate of 520,977,818 Shares legally and beneficially owned by the Vendors, as to 370,977,818 Shares by MACRO-LINK International and 150,000,000 Shares by Macrolink Overseas
“BVI”	the British Virgin Islands
“Charged Shares”	an aggregate of 200,000,000 Shares which are subject to share charges respectively entered into by Macrolink Overseas and MACRO-LINK International as chargors, being part of the Buy-back Shares

“Cheung Shek”	Cheung Shek Investment Limited (長石投資有限公司), a limited liability company established under the laws of the PRC and a substantial shareholder of the Company prior to the Share Buy-back Completion
“Companies Act”	the Companies Act (as revised) of the Cayman Islands
“Company”	Dongyue Group Limited (東岳集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 189)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Equity Interests by Dongyue Fluorosilicone Technology to the Purchaser
“Disposal Completion”	completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“Dongyue Fluorosilicone Technology”	Dongyue Fluorosilicone Science and Technology Group Co., Ltd.* (東岳氟硅科技集團有限公司), a limited liability company established under the laws of the PRC and a direct wholly-owned subsidiary of the Company
“Dongyue Hydrogen”	Shandong Dongyue Future Hydrogen Energy Materials Co., Ltd.* (山東東岳未來氫能材料股份有限公司), a joint stock company established under the laws of the PRC and an associated company of the Company. As at the date of this announcement, Dongyue Fluorosilicone Technology (a wholly-owned subsidiary of the Company) holds 10.03% equity interest in Dongyue Hydrogen, and Dongyue Organosilicon (held as to 57.75% by Dongyue Fluorosilicone Technology as at the date of this announcement) holds 5.14% equity interest in Dongyue Hydrogen
“Dongyue Organosilicon”	Shandong Dongyue Organosilicon Materials Co., Ltd.* (山東東岳有機硅材料股份有限公司), a joint stock limited company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company, the shares of which is listed on ChiNext of the Shenzhen Stock Exchange (Stock Code: 300821.SZ). As at the date of this announcement, the Company through its wholly-owned subsidiary Dongyue Fluorosilicone Technology, is interested in approximately 57.75% equity interest in Dongyue Organosilicon

“Dongyue Polymers”	Shandong Dongyue Polymers Co., Ltd.* (山東東岳高分子材料有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Dongyue Wealth”	Dongyue Wealth Limited, a company incorporated in the BVI with limited liability and a shareholder of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Transactions
“Equity Interests”	collectively, approximately 23.12% equity interest in Dongyue Polymers, approximately 13.35% equity interest in Dongyue Organosilicon and approximately 2.32% equity interest in Dongyue Hydrogen, being the subject matter of the Disposal
“Equity Transfer Agreement”	the equity transfer agreement dated 23 October 2023 entered into between Dongyue Fluorosilicone Technology and the Purchaser in relation to the Disposal
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board established and comprising all the independent non-executive Directors, being Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Ma Zhizhong, to advise the Independent Shareholders in respect of the Share Buy-back and the Disposal
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee in respect of the Share Buy-back and the Disposal

“Independent Shareholders”	shareholders other than the Vendors Concert Group and Shareholders who have a material interest in the Share Buy-back or the Disposal which is different from the interests of all other Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2024 (or such other date as the Vendors and the Company may agree)
“Macrolink Industrial”	Macro-link Industrial Investment Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company prior to the Share Buy-back Completion
“MACRO-LINK International”	MACRO-LINK International Investment Co, Ltd., a company incorporated in the BVI with limited liability, a substantial shareholder of the Company prior to the Share Buy-back Completion and one of the Vendors
“Macrolink Overseas”	Macrolink Overseas Development Limited, a company incorporated in the BVI with limited liability, a substantial shareholder of the Company prior to the Share Buy-back Completion and one of the Vendors
“MLH”	Macrolink Holding Limited* (新華聯控股有限公司), a limited liability company established under the laws of the PRC and a substantial shareholder of the Company prior to the Share Buy-back Completion
“Mr. Fu”	Mr. Fu Kwan, an executive Director and a substantial Shareholder of the Company prior to the Share Buy-back Completion, and a director of MLH, Macrolink Industrial and MACRO-LINK International
“Mr. Zhang”	Mr. Zhang Jianhong, the chairman of the Board, an executive Director and a substantial Shareholder of the Company
“Mr. Zhang Group”	Mr. Zhang and parties acting in concert with him, being Dongyue Team Limited (wholly-owned by Mr. Zhang), and Qixin Investment and Dongyue Wealth which have agreed to exercise the voting power of their respective shareholding interests in the Company in alignment with Mr. Zhang
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan



“Purchaser”	MLH, being the purchaser under the Equity Transfer Agreement
“Qixin Investment”	Qixin Investment Management (Zibo) Co., Ltd.* (齊信投資管理(淄博)有限公司), a limited liability company established under the laws of the PRC and a shareholder of the Company
“Restructuring Plan”	the proposal for restructuring the debts of MLH and bringing in new investors as formulated by the court-appointed administrators of MLH and submitted to the creditors’ meeting and the PRC court
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Buy-back”	the proposed buy-back of the Buy-back Shares by the Company from the Vendors for cancellation
“Share Buy-back Agreement”	the share buy-back agreement dated 23 October 2023 entered into between the Vendors and the Company in relation to the Share Buy-back
“Share Buy-back Completion”	completion of the Share Buy-back in accordance with the terms and conditions of the Share Buy-back Agreement
“Share Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Companies”	collectively, Dongyue Polymers, Dongyue Organosilicon and Dongyue Hydrogen
“Transaction(s)”	collectively, the Share Buy-back and the Disposal, or either of the transaction
“Vendors”	collectively, MACRO-LINK International and Macrolink Overseas, being the vendors under the Share Buy-back Agreement

“Vendors Concert Group” the Vendors and parties acting in concert with any of them, including (i) Macrolink Industrial, MLH and Cheung Shek; (ii) the respective directors (and their close relatives (as defined under the Takeovers Code) and related trusts and companies controlled by any of the directors, their close relatives or related trusts) of the Vendors, Macrolink Industrial, MLH and Cheung Shek; (iii) the shareholders of the Vendors, Macrolink Industrial, MLH and Cheung Shek; (iv) Mr. Fu, the ultimate beneficial owner of the Vendors, Macrolink Industrial, MLH and Cheung Shek; (v) Ms. Xiao Wenhui; and (vi) Mr. Zhang Jian

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

*This announcement contains translations between RMB and HK\$ amounts at RMB1 = HK\$1.07, which are for illustrative purpose only. The translations should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at all.*

*\* for identification purposes only*

By Order of the Board  
**Dongyue Group Limited**  
**Zhang Jianhong**  
Chairman

The PRC, 24 October 2023

*As at the date of this announcement, the Directors are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Wang Weidong, Mr. Zhang Zhefeng 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.*

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.*