

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0189)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF LAND

The Board is pleased to announce that on 21 February 2011, the Purchaser and the Vendor entered into the Land Use Rights Transfer Agreements pursuant to which the Purchaser agreed to purchase from the Vendor the Target Land with a total site area of approximately 189,381 square meters. The aggregate consideration of the Acquisition is RMB411,900,000.

As the relevant percentage ratios calculated pursuant to the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

The Board is pleased to announce that on 21 February 2011, the Purchaser and the Vendor entered into the Land Use Rights Transfer Agreements pursuant to which the Purchaser agreed to purchase from the Vendor the Target Land. The aggregate consideration of the Acquisition is RMB411,900,000.

THE ACQUISITION

Date: 21 February 2011

Parties: Vendor: Zibo City Bureau of Land and Resources (淄博市國土資源局)

Purchaser: Shandong Dongyue Union Property Co., Ltd. (山東東岳聯邦置業有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company

Assets to be sold and purchased:	The Target Land comprises Target Land A and Target Land B, which is situated in Huantai County, Zibo City, Shandong Province, the PRC, with a total site area of approximately 189,381 square meters.
Payment of consideration:	The full consideration of RMB411,900,000, which comprises RMB205,950,000 in relation to Target Land A and RMB205,950,000 in relation to Target Land B, has been paid by the Purchaser to the Vendor. The consideration for the Acquisition was funded by the Group from its internal resources.
Completion:	The Purchaser is entitled to apply for the registration of the land use rights of the Target Land when the full consideration is paid.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Company considers that the value of the Target Land is commensurate with the consideration of the Acquisition which was arrived at as a result of a successful bid by the Purchaser at an open auction having taken into account the location and potential value of the Target Land and the average market price or assessed value of similar plots of land in the proximity.

The Directors (including the independent non-executive Directors) consider the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PARTICULARS OF THE TARGET LAND

The Target Land comprises of two parcels of land which are adjacent to each other, namely Target Land A and Target Land B. Target Land A is located at the west of Liuquan North Road (柳泉北路) and the north of Huantai Avenue (桓台大道), Huantai County, Zibo City, Shandong Province, the PRC, with a site area of 94,690 square metres. Target Land B is located at the north of Huantai Avenue (桓台大道) and the south of Gongyuan Road (公園路), Huantai County, Zibo City, Shandong Province, the PRC, with a site area of 94,691 square metres. The terms for the grant of the land use rights of the Target Land are 50 years for commercial portion and 70 years for residential portion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the 2009 annual report and the 2010 interim report of the Company, the Group achieved successful trial production of chloralkali ionic membrane in September 2009 after years of research and development. Such result had significant implications on, among other things, the development of the chloralkali industry, and the adjustment and optimization of the Group's industrial structure. Based on the information and knowledge of the Directors, at present, the chloralkali industry mainly adopts the process of ionic membrane method, accounting for more than 70% of the total capacity of the PRC, and the ionic membrane chloralkali process is currently the most advanced process and technology in this respect in the world with its core component of total-fluorine ionic

membrane. After the achieved breakthrough in research and development in chloralkali ionic membrane, the Group has already seized the fundamentals of the relevant knowledge which can be widely applied in other applications.

Ionic membrane technology, having wide application in other areas, such as water desalination, solar energy and medicine, is part of that of functional membranes, which involve much wider applications as compared to the ionic membrane on its own.

The Group intended to actively involve itself in fostering the launch of ionic membrane to the market and conduct research and development by own efforts, so as to enhance the core competitiveness, brand reputation and business development of the Group. It is anticipated that the research and development team and the research platform will be relied upon for carrying on the research and development of fluorochemical polymer materials for the extension of the value of the industry chain.

It is intended that a research and development centre with focus on research and development of, among other things, ionic membrane and functional membrane, will be developed on the Target Land. The Directors consider that the Acquisition is in line with the Company's strategy with focus on the research and development of ionic membrane and functional membrane, and will expand the scale of the Company's core business and further enhance its market presence and position in the PRC. The Directors further believe that the Acquisition will enable the Group to strategically set out its business in the PRC, which will be a favourable long term development in the future. Taking into account of the above, the Directors consider that the terms of the Acquisition are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Group is principally engaged in manufacture and sale of refrigerants, fluoropolymers and other chemical and petrochemical products such as dichloromethane and liquid alkali.

Vendor

The Vendor is a local government body of the PRC and is in charge of managing and administering the land resources of Zibo City, Shandong Province, the PRC. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is an Independent Third Party.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios calculated pursuant to the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the use of capitalized terms in this announcement shall have the following meanings:

“Acquisition”	the acquisition by the Purchaser of the Target Land from the Vendor pursuant to the Land Use Rights Transfer Agreements
“Board”	the board of Directors
“Company”	Dongyue Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries, and “member of the Group” shall be construed accordingly
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) and its(their) ultimate beneficial owner(s), if applicable, which is(are) independent of and not connected with the Company and its connected persons
“Land Use Rights Transfer Agreement A”	the agreement for the transfer of the land use rights of state-owned land (國有建設用地使用權出讓合同) in respect of the Target Land A dated 21 February 2011 entered into between the Purchaser and the Vendor
“Land Use Rights Transfer Agreement B”	the agreement for the transfer of the land use rights of state-owned land (國有建設用地使用權出讓合同) in respect of the Target Land B dated 21 February 2011 entered into between the Purchaser and the Vendor
“Land Use Rights Transfer Agreements”	the Land Use Rights Transfer Agreement A and the Land Use Rights Transfer Agreement B
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“Purchaser”	Shandong Dongyue Union Property Co., Ltd. (山東東岳聯邦置業有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land”	Target Land A and Target Land B
“Target Land A”	a parcel of land located at the west of Liuquan North Road (柳泉北路) and the north of Huantai Avenue (桓台大道), Huantai County, Zibo City, Shandong Province, the PRC, with a site area of 94,690 square metres, for commercial and residential use
“Target Land B”	a parcel of land located at the north of Huantai Avenue (桓台大道) and the south of Gongyuan Road (公園路), Huantai County, Zibo City, Shandong Province, the PRC, with a site area of 94,691 square metres, for commercial and residential use
“Vendor”	Zibo City Bureau of Land and Resources (淄博市國土資源局)
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 21 February 2011

As at the date of this announcement, the Directors are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Yan Jianhua and Mr. Zhang Jian as executive Directors, and Mr. Yue Run Dong, Mr. Liu Yi and Mr. Ting Leung Huel, Stephen as independent non-executive Directors.