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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONNECTED TRANSACTION FORMATION OF PARTNERSHIP FUND

Reference is made to the announcement of Dongyue Group Limited (the “**Company**”) dated 12 January 2021 (the “**Announcement**”) in respect of the connected transaction of the Partnership Agreement entered into between Dongyue Fluorosilicone Technology, Dongyue Organosilicone, Huantai Jinhai, Zibo Juqiang and China Capital, in relation to the establishment of Zibo Runxin Dongyue New Materials Equity Investment Fund Partnership Enterprise (Limited Partnership)* (淄博潤信東岳新材料股權投資基金合夥企業(有限合夥)) (the “**Fund**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Company is pleased to announce that on 13 January 2021, the Fund completed its registration with the Huantai County Market Supervision Administration (桓台縣市場監督管理局) and obtained its business license.

In addition, the Board would like to provide the shareholders and potential investors of the Company with further information relating to the parties to the Partnership Agreement, as follows:

FURTHER INFORMATION OF THE PARTIES

Dongyue Fluorosilicone Technology

Dongyue Fluorosilicone Technology is a joint stock limited company established in the PRC and a direct wholly-owned subsidiary of the Company. Dongyue Fluorosilicone Technology and its subsidiaries are principally engaged in the manufacturing of fluoropolymers.

Dongyue Organosilicone

Dongyue Organosilicone is a joint stock limited company established in the PRC and is principally engaged in the manufacturing and sale of organic silicone products. The A shares of Dongyue Organosilicone are listed on ChiNext of the Shenzhen Stock Exchange (stock code: 300821).

As at the date of this announcement, Dongyue Organosilicone is held as to approximately 57.75% by Dongyue Fluorosilicone Technology (a direct wholly-owned subsidiary of the Company), approximately 9.75% by Zibo Xiaoxi Enterprise Management Partnership (淄博曉希企業管理合夥企業) (“**Zibo Xiaoxi**”) and approximately 7.5% by Cheung Shek Investment Limited (長石投資有限公司) (“**Cheung Shek Investment**”). Zibo Xiaoxi is a PRC limited partnership in which Mr. Zhang Jianhong and Mr. Zhang Zhefeng (each an executive Director) together own more than 30% interest. Cheung Shek Investment is directly controlled by Mr. Fu Kwan (an executive Director). Therefore, each of Zibo Xiaoxi and Cheung Shek Investment is a connected person of the Company at the Company level. Accordingly, Dongyue Organosilicone is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules.

Huantai Jinhai

Huantai Jinhai is a company established under the laws of the PRC which is wholly-owned by Huantai Province Government State Owned Assets Supervision Bureau (桓台縣人民政府國有資產監督管理局). It is principally engaged in the provision of management services for public utilities, investment activities with their internal funds, park management services and the management of municipal facilities. Huantai Jinhai and its shareholder(s) are Independent Third Parties.

Zibo Juqiang

Zibo Juqiang is a company established under the laws of the PRC which is wholly-owned by three ultimate individual beneficial owners, namely Bicaihua (畢才華), Liu Hai (劉海) and Zhang Haiquan (張海泉), who hold Zibo Juqiang as to 40%, 30% and 30%, respectively. It is principally engaged in the sales of chemical raw materials and products. To the best of the Directors’ knowledge, information and belief of the Directors, Zibo Juqiang and its ultimate beneficial owners are Independent Third Parties.

China Capital

China Capital is a wholly-owned subsidiary of CSC Financial Co., Ltd., a joint stock limited liability company established in the PRC whose shares are listed on the Main Board of the Stock Exchange (with stock code 6066) and the Shanghai Stock Exchange (with stock code 601066). China Capital is a private equity and venture capital fund manager registered under the Asset Management Association of China. China Capital and CSC Financial Co., Ltd. are Independent Third Parties.

* *For identification purposes and should not be regarded as the official English translations of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 15 January 2021

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.