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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)

PROFIT WARNING IN RESPECT OF FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND FINANCIAL UPDATE IN RESPECT OF FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that the Company is in the process of preparing the Group’s annual results for the year ended 31 December 2015 (the “**Reporting Period**”) and for the year ended 31 December 2016.

Based on the information currently available and preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a loss in the range between RMB650 million and RMB700 million of net loss and total comprehensive expense for the Reporting Period, as compared with a profit of approximately RMB497 million for the year ended 31 December 2014. Such net loss was mainly due to inter alia, a one-off amount of RMB1,478.2 million, equivalent to the entire amount of the RMB1,478.2 million misappropriated funds of the Group as referred to in the announcement of the Company dated 30 September 2016, being fully written off as a conservative measure, and thus resulting in an aggregate loss before tax of RMB1,478.2 million being recognised in the consolidated financial statements of the Group for the Reporting Period. As disclosed in the announcement of the Company dated 25 January 2017, to recover the Group’s loss in respect of the said misappropriation of funds of the Group, the Group has filed a civil lawsuit in the PRC against the relevant parties. As disclosed in the announcement of the Company dated 24 February 2016, certain properties registered under the name of the company(ies) to which the misappropriated funds were found to be transferred have been attached by the local public security authority in the PRC. Such civil lawsuit and enforcement in respect of such attached properties are expected to be a long process, the outcome of which is subject to uncertainty.

As for the year ended 31 December 2016, in absence of the one-off write-off referred to above, the Group is expected to record a net profit (as compared with a net loss for the Reporting Period) of no less than RMB600 million, subject to finalization of audit procedures.

Information contained in this announcement is only based on the information currently available to the Board and a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group, and is not based on figures or information audited or reviewed by the Company’s auditors. Figures and information are in the course of being considered and checked and are therefore subject to adjustments. As disclosed in the announcement of the Company dated 17 February 2017, the Company expects to publish the results announcements in respect of the Reporting Period and the year ended 31 December 2016 by the end of March 2017.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended at the request of the Company since 9:00 a.m. on 1 April 2016 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Dongyue Group Limited
Zhang Jianhong
Chairman

The PRC, 24 February 2017

As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Cui Tongzheng, Mr. Feng Jianjun 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.