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.

DONGGUANG CHEMICAL LIMITED
東光化工有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1702)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that based on the preliminary review made by the Board on the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 and other information currently available to the Board, the Group is expected to record a significant increase in net profit for the six months ended 30 June 2018 as compared with the corresponding period in 2017.

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

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

The board (the "**Board**") of directors of the Company wishes to inform shareholders of the Company ("**Shareholders**") and potential investors that based on the preliminary review made by the Board on the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 (the "**Period**") and other information currently available to the Board, the Group is expected to record a significant increase in net profit for the Period as compared to the corresponding period in 2017. The increase was due to an increase in the average selling prices of urea, methanol and other by-products in the first half of 2018. The increase in average selling prices of urea, methanol and other by-products is supported by (i) the continuous improvement in domestic and international macro economy; (ii) the balanced supply and demand of urea products due to the industry consolidation in the People's Republic of China which led to an overall scale down in the supply of urea; and (iii) the increase of coal price.

The information contained in this announcement is only based on preliminary review and assessment made by the Board with reference to the information currently available, including the draft unaudited consolidated management accounts of the Group for the Period, which is yet to be confirmed and finalised and has not been reviewed and audited by the Company's independent auditors and is subject to change. Shareholders and potential investors are advised to refer to details in the interim results announcement of the Company for the Period which is expected to be published by the end of August 2018.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

On behalf of the Board
Dongguang Chemical Limited
東光化工有限公司
Wang Zhihe
Chairman

The PRC, 13 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Wang Zhihe, Mr. Sun Yi, Mr. Sun Zushan and Mr. Xu Xijiang; the non-executive director of the Company is Ms. Chen Jimin; and the independent non-executive directors of the Company are Ms. Lin Xiuxiang, Mr. Liu Jincheng and Mr. Ng Sai Leung.