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DREAM EAST
梦东方

DREAMEAST GROUP LIMITED
夢東方集團有限公司

(In Compulsory Liquidation)

(Incorporated in Bermuda with limited liability and carrying on business in Hong Kong as "DreamEast Cultural Entertainment")

(Stock code: 593)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The joint and several liquidators of the Company (the "**Liquidators**") of DreamEast Group Limited (the "**Company**") hereby announce the annual consolidated results ("**Results**") of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with the corresponding comparative figures for the year ended 31 December 2022 as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Revenue	*3*		
Sales of properties		**990**	–
Rental income		**5,397**	22,337
Tourism park operations and other services		**2,832**	2,739
		9,219	25,076
Cost of sales and services		**(2,932)**	(6,613)
Gross profit		**6,287**	18,463
Other gains and losses, net	*5*	**(126,801)**	21,098
Other income		**599**	134
Selling expenses		**(781)**	(1,367)
Administrative expenses		**(21,769)**	(27,483)
Fair value changes of investment properties	*9*	**(17,597)**	(715,579)
Impairment loss on trade receivables		**–**	(9,431)
Impairment loss of property, plant and equipment		**–**	(305)
Impairment loss of properties under development for sales		**(31,178)**	(2,197)
Reversal of impairment loss of right-of-use assets		**–**	4,997
Share of results of joint ventures		**(19,566)**	181,983
Gain on deconsolidation of subsidiaries	*13*	**131,239**	–
Finance costs		**(400,641)**	(559,927)
Loss before tax		**(480,208)**	(1,089,614)
Income tax (expense) credit	*6*	**(37)**	178,895
Loss for the year		**(480,245)**	(910,719)

	Note	**2023**	2022
	Note	***HK$'000***	*HK$'000*
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss:			
Exchange differences on translation		**42,414**	66,930
Share of other comprehensive income of joint ventures – exchange differences on translation		**32,051**	(105,900)
		74,465	(38,970)
Total comprehensive loss for the year		**(405,780)**	(949,689)
Loss for the year attributable to:			
Owners of the Company		**(478,638)**	(903,659)
Non-controlling interests		**(1,607)**	(7,060)
		(480,245)	(910,719)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(404,173)**	(910,796)
Non-controlling interests		**(1,607)**	(38,893)
		(405,780)	(949,689)
Loss per share	*8*		
– Basic		**(HK$1.68)**	(HK$3.17)
– Diluted		**(HK$1.68)**	(HK$3.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**36**	190,870
Right-of-use assets		**–**	33,785
Investment properties	*9*	**144,477**	1,355,581
Investment in joint ventures		**317,266**	1,181,358
Other non-current assets		**–**	110,830
		461,779	2,872,424
Current assets			
Properties under development for sale		**330,741**	3,510,274
Completed properties held for sale		**–**	255,599
Restricted properties subject to court enforcement order	*10*	**–**	528,566
Inventories		**–**	175
Trade receivables	*11*	**–**	15,700
Other receivables, deposits and prepayments		**5,740**	22,482
Amounts due from related companies		**–**	356,846
Other current assets		**–**	206,895
Restricted bank balances		**2,497**	10,443
Bank balances and cash		**5,439**	3,547
		344,417	4,910,527
Current liabilities			
Trade and other payables	*12*	**135,912**	1,089,220
Contract liabilities		**85,384**	322,178
Amounts due to related companies		**36,795**	1,031,397
Amounts due to joint ventures		**212,433**	226,306
Lease liabilities		**–**	1,020
Tax payable		**–**	67,863
Bank and other borrowings		**351,717**	4,734,651
Convertible bonds and bonds		**1,405,193**	694,151
		2,227,434	8,166,786

	2023	2022
	HK$'000	*HK$'000*
Net current liabilities	**(1,883,017)**	(3,256,259)
Total assets less current liabilities	**(1,421,238)**	(383,835)
Non-current liabilities		
Deferred tax liabilities	**13,593**	9,571
Convertible bonds and bonds	**–**	443,688
	13,593	453,259
Net liabilities	**(1,434,831)**	(837,094)
Capital and reserves		
Share capital	**28,550**	28,550
Reserves	**(1,463,383)**	(1,021,039)
Equity attributable to owners of the Company	**(1,434,833)**	(992,489)
Non-controlling interests	**2**	155,395
Total deficit	**(1,434,831)**	(837,094)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions under the Rules Governing the Listing of Securities on the Stock Exchange.

The functional currency of the Company is Renminbi ("**RMB**"), and for the purpose of more convenience to the readers to these consolidated financial statements, the consolidated financial statements are presented in Hong Kong dollars ("**HK$**").

Winding-up Petition

On 1 November 2023, Forever Union Holdings Limited (the "**Petitioner**") filed the Petition against the Company with the High Court of Hong Kong ("**High Court**"), on the basis of the Company's non-payment of the amount stated by the Petitioner in its statutory demand issued against the Company.

On 11 March 2024, the Company was ordered to be wound up by the High Court and official receiver by virtue of her office (the "**Official Receiver**") was appointed as the Provisional Liquidator of the Company.

On 14 August 2024, Messrs Osman Mohammed Arab and Wong Kwok Keung, both of Acclime Corporate Advisory (Hong Kong) Limited were appointed as the Liquidators of the Company pursuant to an Order of the High Court dated 14 August 2024.

Deconsolidation

In or around late November 2023, the former controlling shareholder ("**FC**") of the Company, had restricted the management of certain subsidiaries and an indirectly held joint venture (collectively "**the DE Group**") from contacting the staff of the Group and claimed that the personnel of DE Group shall report to him instead of the Group and sent his staff to interfere with the business operation of DE Group.

According to the Liquidators, FC has not delivered up the accounting books and records of the DE Group despite repeated requests made by the Liquidators since their appointment as liquidators on 14 August 2024.

Further details are set out in note to the consolidated financial statements.

Going Concern

These consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance on attaining profitable operations in future and the success of below plans and measures in view of the excess of current liabilities over current assets.

The Group reported a net loss attributable to the owners of the Company of approximately HK$478.6 million for the year ended 31 December 2023 (2022: approximately HK$903.7 million). As at 31 December 2023, the Group's current liabilities exceeded its current assets by approximately HK$1,883.0 million (2022: approximately HK$3,256.3 million) and capital deficiency of approximately HK$1,434.8 million (2022: capital deficiency of approximately HK$837.1 million). As at the same date, the Group's bank and other borrowings and convertible bonds and bonds payables amounted to approximately HK$1,756.9 million (2022: approximately HK$5,872.5 million), while its cash and cash equivalents amounted to approximately HK$5.4 million (2022: approximately HK$3.5 million) only.

The Group is in active negotiations with the lender in respect of the bank borrowing for a debt restructuring so as to settle the bank borrowing by using the proceeds from new borrowing plans. The Group is confident that agreements will be reached in due course.

The Company was wound up by the High Court on 11 March 2024 and the Liquidators was appointed on 14 August 2024.

All the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the Company has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

i. The Group has been actively negotiating with certain financial institutions and identifying various options for financing the Group's working capital, repayments of the overdue borrowings as well as the commitments in the foreseeable future;

ii. The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties;

iii. The Group has been actively searching for potential investors to provide additional source of finance to the Group, and negotiating with a number of financial institutions for renewal and extension of bank borrowings and credit facilities;

iv. The Group will continue to take active measures to control administrative costs through various channels, including human resources optimisation, management remuneration adjustments and containment of capital expenditures; and

v. The Company is working on debt restructuring by way of scheme of arrangement in order to release and discharge the creditors' claims against the Company in full subject to the fulfilment of all conditions precedent of the creditors' scheme of arrangement.

The Group considers that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023. Accordingly, the Company considers that it is appropriate to prepare the consolidated financial statements of the Company on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the followings:

i. Successful obtaining new sources of financing as and when needed;

ii. Successful accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds, and controlling costs and capital expenditure so as to generate adequate net cash inflows;

iii. Successful negotiations with the lenders for renewal of or extension for repayments beyond 2025 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2025; and (b) were overdue as at 31 December 2023 because of the Group's failure to repay the principal and interest on or before the scheduled repayment dates;

iv. Successful persuading the Group's existing lenders not to take action to demand for immediate repayment of the defaulted borrowings in year 2025; and

v. Successful completion of the restructuring transactions, among others, creditors' scheme of arrangement upon which all claims held by the creditors against the Company shall be compromised, discharged and/or settled. For the details of the restructuring transactions, please refer to the announcement of the Company dated 22 July 2025.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. ADOPTION OF NEW/REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2023:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
HKFRS 17 (including the June 2020 and December 2021 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that except below, the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made. HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The directors are currently assessing the impact of these amendments.

3. REVENUE

For the year ended 31 December 2023

	Property development and leasing *HK$'000*	**Tourism park operations** *HK$'000*	**Total** *HK$'000*
Revenue from contracts with customers within HKFRS 15			
Recognised at point in time			
Sales of properties	**990**	**–**	**990**
Entrance fee, food and beverage	**–**	**2,832**	**2,832**
	990	**2,832**	**3,822**
Revenue from other sources			
Gross rental income from investment properties	**5,397**	**–**	**5,397**
Total revenue	**6,387**	**2,832**	**9,219**

For the year ended 31 December 2022

	Property development and leasing *HK$'000*	Tourism park operations *HK$'000*	Total *HK$'000*
Revenue from contracts with customers within HKFRS 15			
Recognised at point in time			
Entrance fee, food and beverage	–	2,739	2,739
Revenue from other sources			
Gross rental income from investment properties	22,337	–	22,337
Total revenue	22,337	2,739	25,076

The Group's revenue generated from its property development and leasing, and tourism park operations were all at fixed price.

4. SEGMENT INFORMATION

Information reported to the Group's senior management, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focused on the types of goods or services delivered or provided. The Group's reportable segments for the CODM's purposes are (i) property development and leasing and (ii) tourism park operations.

The property development and leasing segment is principally engaged in property sales and leases to customers in property market.

The tourism park operations segment is engaged in operation of theme parks and provision of food and beverage services in the theme parks.

For the purpose of assessing the performance of the operating segments and allocating resources between segments, the CODM assess segment results without allocation of certain other gains and losses, net, certain other income, share of results of joint ventures, certain finance costs and certain administrative expenses. The basis of preparing such information is consistent with that of the consolidated financial statements.

The accounting policies of the reporting segments are the same as the Group's accounting policies.

Segment revenue and results

An analysis of the Group's revenue and results by reportable segments is as follows:

For the year ended 31 December 2023

	Property development and leasing *HK$'000*	Tourism park operations *HK$'000*	Consolidated *HK$'000*
Revenue from external customers and segment revenue	**6,387**	**2,832**	**9,219**
Reportable segment results	**(371,449)**	**(2,998)**	**(374,447)**
Unallocated income and expenses:			
Other gains and losses, net			**389**
Administrative expenses			**(4,531)**
Share of results of joint ventures			**(19,566)**
Gain on deconsolidation of subsidiaries			**131,239**
Finance costs			**(213,292)**
Loss before tax			**(480,208)**
Income tax expenses			**(37)**
Loss for the year			**(480,245)**

For the year ended 31 December 2022

	Property development and leasing *HK$'000*	Tourism park operations *HK$'000*	Consolidated *HK$'000*
Revenue from external customers and segment revenue	22,337	2,739	25,076
Reportable segment results	(1,071,461)	(7,700)	(1,079,161)
Unallocated income and expenses:			
Other gains and losses, net			229
Other income			63
Administrative expenses			(12,314)
Share of results of joint ventures			181,983
Finance costs			(180,414)
Loss before tax			(1,089,614)
Income tax credit			178,895
Loss for the year			(910,719)

No analysis of segment assets and segment liabilities is presented as such information is not regularly provided to the CODM for the purposes of resources allocation and performance assessment.

Other information

For the year ended 31 December 2023

	Property development and leasing ***HK$'000***	**Tourism park operations** ***HK$'000***	**Unallocated** ***HK$'000***	**Consolidated** ***HK$'000***
Depreciation				
– Property, plant and equipment	**1,055**	**45**	**–**	**1,100**
– Right-of-use assets	**1,200**	**–**	**450**	**1,650**
Fair value change on investment properties	**17,597**	**–**	**–**	**17,597**
Reversal of provision for litigation	**(7,864)**	**–**	**–**	**(7,864)**
Provision for compensation	**15,595**	**–**	**–**	**15,595**
Impairment loss of properties under development for sale	**31,178**	**–**	**–**	**31,178**

For the year ended 31 December 2022

	Property development and leasing *HK$'000*	Tourism park operations *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital expenditures				
– Property, plant and equipment	713	–	–	713
– Investment properties	429	–	–	429
Depreciation				
– Property, plant and equipment	2,095	97	–	2,192
– Right-of-use assets	1,379	–	983	2,362
Fair value change on investment properties	715,579	–	–	715,579
Provision for compensation	32,246	–	–	32,246
Reversal of provision for litigation	(53,709)	–	–	(53,709)
Impairment loss on trade receivables	9,431	–	–	9,431
Impairment loss on property, plant and equipment	305	–	–	305
Impairment loss of properties under development for sale	2,197	–	–	2,197
Reversal of impairment loss of right-of-use assets	(4,997)	–	–	(4,997)

Geographical information

The Group is principally engaged in properties development and leasing and tourism park operations in the PRC.

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided.

Since the Group solely operates business in the PRC and almost all of the Group's non-current assets are located in the PRC, geographical segment information in accordance with HKFRS 8 Operating Segments is not presented.

Information about major customers

There are nil (2022: three) external customers individually contributing property development and leasing revenue of nil (2022: HK$21,775,000), which over 10% of the total revenue of the Group for the year ended 31 December 2023.

	2023 ***HK$'000***	2022 *HK$'000*
Customer A	**N/A***	2,912#
Customer B	**N/A***	14,488#
Customer C	**N/A***	4,375#

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Revenue from property development and leasing.

5. OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Interest income	**11**	–
Foreign exchange gains, net	**(30)**	187
Provision for compensation	**(15,595)**	(32,246)
Reversal of provision for litigation	**7,864**	–
Loss on derecognition of restricted properties subject to court enforcement order	**(15,657)**	–
Loss on disposal of investment properties	**(101,829)**	–
Others	**(1,565)**	(552)
	(126,801)	21,098

6. INCOME TAX EXPENSE (CREDIT)

The taxation charged (credited) to profit or loss represents:

	2023	2022
	HK$'000	*HK$'000*
Current tax		
Land appreciation tax ("**LAT**")	**–**	–
	–	–
Deferred tax, including EIT and LAT	**37**	(178,895)
	37	(178,895)

No provision for Hong Kong Profits Tax had been provided as the Group did not have any assessable profit from Hong Kong for the years ended 31 December 2023 and 2022.

For the years ended 31 December 2023 and 2022, Enterprise Income Tax has not been provided as the Group's subsidiaries in the PRC incurred a loss for taxation purposes.

The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions. No provision for PRC LAT had been made for the years ended 31 December 2023 and 2022 since the amount is insignificant to the Group.

7. DIVIDENDS

The board of directors did not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	**(478,638)**	(903,659)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	**285,491**	285,491

	2023	2022
Loss per share:		
– Basic	**(HK$1.68)**	(HK$3.17)
– Diluted	**(HK$1.68)**	(HK$3.17)

Note:

The computation of diluted loss per share for the years ended 31 December 2023 and 2022 did not assume the conversion of the Company's convertible bonds since its assumed exercise would result in decrease in loss per share.

It also did not assume the exercise of share options under the Company's share option scheme since its assumed exercise would have anti-dilutive effect for the years ended 31 December 2023 and 2022.

9. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
Fair value		
At 1 January	**1,355,581**	2,649,951
Additions	**135**	429
Disposals	**(150,704)**	–
Loss on fair value change of investment properties	**(17,597)**	(715,579)
Loss on deconsolidation of subsidiaries	**(994,325)**	–
Reclassified as restricted properties subject to court enforcement order *(note 10)*	**–**	(387,306)
Exchange realignment	**(48,613)**	(191,914)
At 31 December	**144,477**	1,355,581

The Group's property interests held under leases to earn rentals are measured using fair value model and is classified and accounted for as investment properties.

10. RESTRICTED PROPERTIES SUBJECT TO COURT ENFORCEMENT ORDER

In the prior year, certain properties under development held for sale with carrying amount of approximately HK$141,260,000 and investment properties with fair value of approximately HK$387,306,000 were subject to an enforcement judgment by a court in the PRC and shall be sold to the lender of the Overdue Borrowings for partial settlement of the overdue loan and the Group's liabilities related to other legal claims. Details of which were disclosed in "Legal Disputes" section in this announcement.

11. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**–**	24,762
Less: allowance for credit losses	**–**	(9,062)
	–	15,700

The ageing analysis of trade receivables (net of allowance for credit losses) by invoice date at the end of the reporting is as follows:

	2023	2022
	HK$'000	*HK$'000*
Current to 90 days	**–**	15,700

At 31 December 2023 and 2022, there are no debtors which are past due but not impaired.

For trade receivables, the Group applies the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables are assessed individually for impairment allowance based on the historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each reporting period, including time value of money where appropriate.

Movements in allowance for credit losses:

	2023	2022
	HK$'000	*HK$'000*
At beginning of the reporting period	(9,062)	–
Increase in allowance	–	(9,431)
Written off	9,062	–
Exchange realignment	–	369
At end of the reporting period	–	(9,062)

12. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade and bill payables	**76,932**	671,453
Other payables, accruals and deposits received	**57,031**	98,396
Provision for litigation *(Note i)*	**1,949**	197,084
Provision for compensation *(Note ii)*	**–**	122,287
	135,912	1,089,220

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period on purchase of goods related to tourism park operation is 120 days (2022: 120 days).

The ageing analysis of trade and bills payables by invoice date at the end of reporting period is as follows:

	2023	2022
	HK$'000	*HK$'000*
0–180 days	**–**	1,116
181–365 days	**–**	7,957
Over 365 days	**76,932**	662,380
	76,932	671,453

(i) The provision for litigation represented provision made, other than the trade and other payables and borrowings already recognised, in relation to disputes under construction contracts in respect of the Group's various property development projects and defaults of repayment of bank and other borrowings. The provision was made based on best estimation on the outcomes of the disputes in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel.

(ii) The provision for compensation represented compensation to end customers of properties sales due to late delivery of real estate certificates in accordance with the sales and purchase agreements and construction agreement. Additional provision amounted to approximately HK$32,246,000 was recognised during the prior year.

13. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

In or around late November 2023, the former controlling shareholder ("**FC**") of the Company, had restricted the management of certain subsidiaries and an indirectly held joint venture (collectively, the "**DE Group**") from contacting the staff of the Group and claimed that the personnel of DE Group shall report to him instead of the Group and sent his staff to interfere with the business operation of DE Group. The Group had since 24 November 2023 ("**the Date of Loss Control**") been unable to carry out workplace communication with DE Group and was also unable to access all the books and records of DE Group. The management of DE Group ceased to report to the Group on any business matter, and the Group was unable to obtain all the necessary books and records of DE Group to ascertain the operational status and financial situation of DE Group.

Despite the Group's efforts in taking protective measures since then, such as commencing Legal Proceedings against the relevant individuals and entities, the directors are of the view that the Company is currently unable to control to the assets and operations of DE Group and is unable to exercise its decision-making rights over DE Group. After having taken into account the applicable requirements under the HKFRS Accounting Standards in relation to the consolidated financial statements of the Group for the year ended 31 December 2023, Liquidators consider that DE Group shall be excluded from the Group with effect from the date of the event that FC seized the Group's management right over the office of DE Group (i.e., 24 November 2023) (the "**Deconsolidation**"), on the basis that (i) the Company is unable to control the operation and finance of DE Group; (ii) the Company is unable to obtain the books and records of DE Group since 24 November 2023; (iii) the Company is unable to obtain report from the management of DE Group on business matter; and (iv) the Company is unable to direct the future development of DE Group.

The net assets of the DE Group as of 24 November 2023, which were based on the management accounts retrieved by the Liquidators are set out below:

	HK$'000
Property, plant and equipment	185,227
Right-of-use assets	36,677
Investment properties	994,325
Other non-current assets	109,032
Properties under development for sale	3,102,561
Completed properties held for sale	250,859
Inventories	213
Trade receivables	15,481
Other receivables, deposits and prepayments	14,794
Investment in a joint venture	876,577
Amounts due from related companies	377,467
Other current assets	192,521
Bank balances and cash	1,684
Trade and other payables	(912,162)
Contract liabilities	(226,982)
Amounts due to related companies	(976,994)
Amounts due to joint ventures	(44,109)
Lease liabilities	(3,930)
Tax payable	(67,596)
Bank and other borrowings	(3,865,146)
Net assets of DE Group	60,499
Consideration received	–
Net assets at the Date of Loss Control	(60,499)
Release of non-controlling interest upon Deconsolidation	153,786
Release of exchange translation reserve upon Deconsolidation	37,952
Gain on Deconsolidation of subsidiaries	131,239

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, the Group recorded revenue of approximately HK$9.2 million, representing a decrease of approximately 63.3% as compared with HK$25.1 million in 2022, which was mainly due to the decrease in revenue from rental income.

The Group recorded a net loss of approximately HK$480.2 million (2022: HK$910.7 million). The loss was primarily attributable to (i) the loss on fair value change of investment properties of approximately HK$17.6 million (2022: HK$715.6 million), (ii) finance cost of approximately HK$400.6 million (2022: HK$560.0 million), (iii) the loss on share of result from joint ventures of approximately HK$19.6 million (2022: was partially offset by gain on share of result from joint ventures amounted to HK$182.0 million) and (iv) the income tax expense of approximately HK$0.04 million (2022: was partially offset by income tax credit of approximately HK$178.9 million).

As at 31 December 2023, the total assets of the Group decreased to HK$806.2 million as compared with HK$7,783.0 million as at 31 December 2022. The Group has net liabilities of HK$1,434.8 million (2022: net liabilities of HK$837.1 million).

Basic loss per share attributable to the owners of the Company for the Year amounted to HK$1.68 (2022: HK$3.17).

BUSINESS REVIEW

The current property development projects of the Group are in Mainland China, among which, the Group's flagship development is strategically situated near renowned natural and cultural landmarks. This integrated resort combines leisure amenities, cultural experiences and eco-tourism, benefiting from strong local government support. Since resuming from a temporary pause in construction, the development has progressed toward completion. The project will drive regional tourism growth while adhering to the Group's sustainable development objectives. The Group envisages that the property development projects will develop steadily in the future.

To address the Group's going concern considerations, we have implemented a suite of targeted measures focused on:

- Asset revitalisation through leasing, joint-ventures and selective divestments

- Liability reduction via creditor negotiations and debt optimisation

- Exploration of new projects and business initiatives in the property development, hospitality services, theme-based tourism and green development

These initiatives align with the Group's strategic objective to stabilise the Group's financial position and build a foundation for long-term value creation.

The Group also took proactive measures including taking legal action against relevant individuals and entities to regain control of certain subsidiaries and a joint venture, the control of which has been deemed lost since November 2023.

Winding-up of the Company and Appointment of the Liquidators

On 11 March 2024, the Company was ordered to be wound up by the High Court of Hong Kong and the Official Receiver by virtue of her office becomes the Provisional Liquidator of the Company.

Pursuant to the Order of the High Court dated 14 August 2024, Messrs Osman Mohammed Arab and Wong Kwok Keung, both of Acclime Corporate Advisory (Hong Kong) Limited, were appointed as the Joint and Several Liquidators of the Company.

Suspension of Trading in Shares of the Company and Resumption Status

The shares of the Company are listed on the Main Board of the Stock Exchange with stock code 593. The shares of the Company have been listed on the Main Board of the Stock Exchange since 27 July 1993. Trading on the Stock Exchange in the shares of the Company has been suspended since 11 March 2024, and remained suspended as at the date of this announcement.

Proposed Restructuring

After considering legal and professional advice and the views from the Committee of Inspection, the Liquidators have been working on restructuring on the debts of the Company by conducting a series of restructuring transactions. Amongst others, the Court on 24 June 2025 granted an order for the Company to convene a meeting (the "**Scheme Meeting**") of creditors to consider, if thought fit, to approve the proposed scheme of arrangement to be entered into among the Company and the creditors (the "**Scheme of Arrangement**"). The Scheme of Arrangement was approved at the Scheme Meeting held on 30 July 2025. The Company will seek an order from the Court to sanction the Scheme of Arrangement at the sanction hearing, scheduled to be held on 27 August 2025 and will concurrently apply to the Court to permanently stay the winding-up proceedings against the Company and to discharge the Liquidators. For the details of the proposed restructuring, please refer to the announcement of the Company dated 22 July 2025.

PROSPECTS

Subsequent to the appointment, the Liquidators, on behalf of the Company, have made notable achievements in relation to the formulation of the restructuring proposal, the publication of the outstanding financial results and the preparation of the resumption proposal.

As stated above, after considering legal and professional advice and the views from the Committee of Inspection, the Liquidators have been working on restructuring on the debts of the Company. Amongst others, the Court on 24 June 2025 granted an Order for the Company to convene a meeting of creditors to consider, if thought fit, to approve the Scheme. Provided that the Scheme of Arrangement is approved at the Scheme Meeting, the Company will seek an order from the Court to sanction the Scheme at the sanction hearing, and will concurrently apply to the Court to permanently stay the winding-up proceedings against the Company and to discharge the Liquidators.

Should the Scheme be approved and successfully be implemented, among other things, most of the liabilities of the Company, if not all, will be compromised and discharged under the Scheme.

In the National Economic Programme of the 20th National Congress of the PRC Government, the PRC Government stated that it is required to maintain stable and healthy development of the real estate market, and adhere to the principle of "housing is for living in and not for speculation". And in the first quarter of 2025, the real estate policy continued to be loosen. The government first time emphasised the need to stabilise the real estate markets within its overall policy framework in China's 2025 government work report.

As the government will ease housing restrictions and expand urban redevelopment to boost demand, the Company believes the property market in China will be improved. The Company will actively accelerate its de-stocking of completed properties while exploring the feasibility of assets revitalisation, including but not limited to change of property use and sale of properties in its entirety.

Looking ahead to 2025, with the impact of the epidemic dissipated, economic activities are returning to normal order, with various cities relaxing restrictions on property purchases and loans, followed by the introduction of "three-arrow" measures such as guaranteeing the delivery of properties, credit, debt issuance and equity financing, which are all favourable to real estate enterprises. The property market is expected to gradually stabilise and recover, and property investment sentiment is expected to rebound.

In the National Economic Programme of the 20th National Congress of the PRC Government, the PRC Government stated that it is required to maintain stable and healthy development of the real estate market, and adhere to the principle of "housing is for living in and not for speculation". As China's demographic structure gradually increases the rate of urbanization and the economies of third and fourth tier cities are expected to grow, the development of real estate investment is expected to become the focus of the market.

Additionally, the Group is actively developing several new property development projects in major cities in PRC, leveraging the city's strong economic growth and urbanization trends. As government policies continue to support the real estate sector and market sentiment recovers, the Group is well-positioned to capitalise on these opportunities for restructuring and future expansion. The property market is anticipated to stabilise further, creating a more favorable environment for the Group's operations.

The Group will negotiate with different financial institutions in respect of its outstanding borrowings, with a view to improving its liability and financial gearing conditions.

LIQUIDITY AND FINANCING

As at 31 December 2023, the Group had a financial position with net liabilities of approximately HK$1,434.8 million (31 December 2022: net liabilities of HK$837.1 million). The net current liabilities amounted to approximately HK$1,883.0 million (31 December 2022: HK$3,256.3 million) with current ratio decreasing from approximately 0.60 times at 31 December 2022 to approximately 0.15 times at 31 December 2023. The Group's total current assets as at 31 December 2023 amounted to approximately HK$344.4 million (31 December 2022: HK$4,910.5 million), which comprised properties under development for sale, other receivables, deposits and prepayments, other current assets and bank balances and cash. Cash and cash equivalents were mainly denominated in RMB and HK$. The Group's total current liabilities as at 31 December 2023 amounted to approximately HK$2,227.4 million (31 December 2022: HK$8,166.8 million), which comprised trade and other payables, contract liabilities, amounts due to related companies and joint ventures, tax payable, bank borrowings and convertible bonds and bonds. Bank borrowings were denominated in RMB and HK$. Bank borrowings of HK$351.7 million were obtained at fixed rate. The Group's negative gearing ratio was approximately 1.6 times (31 December 2022: negative gearing ratio of 10.3 times) based on total liabilities of approximately HK$2,241.0 million (31 December 2022: HK$8,620.0 million) and total deficit of approximately HK$1,434.8 million (31 December 2022: total equity of HK$837.1 million).

On 24 December 2015, the Company issued a five-year term RMB zero coupon convertible bonds due 2020 (the "**SkyOcean CB**") in an aggregate principal amount of RMB1,500 million to SkyOcean Investment Holdings Limited ("**SkyOcean Investment**"), the immediate holding company of the Company. As at 31 December 2020, the outstanding principal amount of the SkyOcean CB amounted to RMB450 million (equivalent to approximately HK$520.6 million). On 28 October 2020, the Company and SkyOcean Investment entered into the deed of amendment, pursuant to which (i) the maturity date of the outstanding SkyOcean CB shall be extended from 23 December 2020 to 23 December 2025; (ii) the existing conversion price of HK$6.80 per Share will be adjusted to the revised conversion price of HK$2.00 per Share; and (iii) the SkyOcean CB shall bear interest from, and including the effective date at the rate of 5% per annum of the outstanding principal amount of the SkyOcean CB, which is payable semi-annually.

On 12 November 2015 and on 28 June 2016, the Company entered into subscription agreements with Chance Talent Management Limited, an indirect wholly-owned subsidiary of CCB International (Holdings) Limited (the "**CCBI Bond Holder**"), pursuant to which the CCBI Bond Holder subscribed for bonds ("**CCBI Bonds**") in aggregate of HK$740 million and convertible bonds ("**CCBI CB**") of RMB29.5 million (equivalent to HK$36.0 million), respectively. As at 31 December 2023, the outstanding principal amount of the CCBI Bonds was HK$465.4 million (2022: HK$465.4 million) and the balance became due on 30 June 2021.

On 30 June 2021, the CCBI Bonds became overdue and default. On 26 November 2021, it came to the notice of the Board that Mr. Lai Kar Yan and Mr. Yeung Lui Ming, both of Deloitte Touche Tohmatsu were appointed by the CCBI Bond Holder as the joint and several receivers (the "**Appointment of Receivers**") over certain assets (the "**Charged Assets**"), which include (i) 205,182,287 Shares owned by SkyOcean Investment, (representing approximately 71.87% of the total number of issued shares of the Company) and (ii) the SkyOcean CB in the aggregate principal amount of RMB450,000,000. The Company has been informed that upon the Appointment of Receivers, the powers of management of the directors of SkyOcean Investment over the Charged Assets have been suspended and they no longer have any power to deal with or to exercise any rights attached to the Charged Assets. For details of the Appointment of Receivers, please refer to the announcement of the Company dated 30 November 2021.

On 19 August 2023, SkyOcean Investment Holdings Limited (as vendor acting by the Receivers), the Receivers and Space Securities Limited (as placing agent) entered into a placing agreement, pursuant to which the Placing Agent shall place the Charged Assets. During two placing periods ended on 29 August 2023 and 29 December 2023, the Placing Agent placed all the Charged Assets. For the details of the above, please refer to the announcements of the Company dated 29 August 2023 and 29 December 2023.

GOING CONCERN AND MITIGATION MEASURES

In order to meet its financial obligations as and when they fall due within the next twelve months and improve the Group's current ratio, the Liquidators have been working with the management of the subsidiaries to undertake a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

i. The Group has been actively negotiating with certain financial institutions and identifying various options for financing the Group's working capital, repayments of the overdue borrowings as well as the commitments in the foreseeable future;

ii. The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties;

iii. The Group has been actively searching for potential investors to provide additional source of finance to the Group, and negotiating with a number of financial institutions for renewal and extension of bank borrowings and credit facilities;

iv. The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures; and

v. The Group is working on debt restructuring by way of scheme of arrangement in order to release and discharge the creditors' claims against the Company in full subject to the fulfilment of all conditions precedent of the creditors' scheme of arrangement.

CURRENCY AND FINANCIAL RISK MANAGEMENT

With the majority of the Group's businesses transacted in RMB and HK$, the aforesaid currencies are defined as the functional currency of the Company and some subsidiaries respectively. Apart from certain bank balances and cash and bonds denominated in foreign currencies, the Group is not subject to any significant risk from fluctuations in exchange rates. No currency hedging arrangement had been made by the Group during the reporting period. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

PLEDGE OF ASSETS

As at 31 December 2023, properties under development for sale with carrying amount of approximately HK$330.7 million (31 December 2022: approximately HK$2,951.0 million), investment properties with carrying amount of approximately HK$144.5 million (31 December 2022: approximately HK$1,355.6 million), completed properties held for sale with carrying amount of approximately nil (31 December 2022: approximately HK$255.6 million), property, plant and equipment with carrying amount of approximately HK$36 million (31 December 2022: approximately HK$124.1 million), right-of-use assets with carrying amount of approximately nil (31 December 2022: approximately HK$33.1 million) and restricted properties subject to court enforcement order with carrying amount of approximately nil (31 December 2022: HK$528.6 million) were pledged to certain banks, a financial institution and a related party to secure borrowings obtained from the aforesaid parties.

SIGNIFICANT INVESTMENT HELD

During the Year, the Group held approximately 51% equity interests of Tianmao Cultural Development (Jiangyin) Co., Ltd. The Company expects that investment in joint venture will continue to decline in the future.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE

During the Year, there were deconsolidation of Subsidiaries and derecognition of interest in a joint venture by the Group, For the details of the above, please refer to the notes of the consolidated financial statement for the year ended 31 December 2023.

MANAGEMENT AND STAFF

At 31 December 2023, the total number of employees (including both full time and part time) was 14 (31 December 2022: 72). Total staff costs amounted to approximately HK$7.9 million for the Year (2022: HK$15.5 million). The Group offers competitive remuneration packages, together with discretionary bonuses to its staff, based on industry practices, and individual and Group performances. The Group also offers training courses and continuous education sessions as part of the Group's emphasis on staff training and development.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group guaranteed mortgage loans to purchasers of its properties in the aggregate outstanding principal amount of nil (31 December 2022: HK$239.6 million).

LEGAL DISPUTES

As at 31 December 2023, the Group is subjected to legal claims amounted to approximately HK$1.9 million (2022: approximately HK$4,132.0 million), mainly in relation to disputes under construction contracts in respect of its various property development projects and defaults of repayment of several bank and other borrowings, which arose during the normal course of business, involving (i) disputes under construction contracts in the amount of approximately nil (2022: approximately HK$691.8 million) in respect of its various property development projects; (ii) defaults of repayment of several bank and other borrowings in the amount of approximately nil (2022: approximately HK$3,383.3 million); and (iii) other miscellaneous legal claims in the amount of approximately HK$1.9 million (2022: approximately HK$56.9 million) which arose during the normal course of business. In these legal proceedings, the Group has received court orders to restrict the disposition of certain investment properties, property, plant and equipment, right-of-use assets, properties under development for sale, completed properties held for sale and restricted properties subject to court enforcement order in an aggregate amount of approximately nil (2022: approximately HK$5,159.3 million) and the withdrawal of bank deposits of approximately nil (2022: approximately HK$10.4 million) as at 31 December 2023. In the opinion of the Company, the claims made by the construction contractors are mainly related to construction works that did not meet the required standards and pursuant to the terms of the construction contracts, the Group has the right not to certify those construction work claimed by the contractors. In addition, the Group has already made or is in the process of making counter claims for compensation from the construction contractors for causing delay in delivering of the properties to the end customers of the Group.

The management has sought advice from the independent legal advisors or internal legal counsel on these matters. As at 31 December 2023, the Group has provided construction cost liabilities due to litigation amounting to approximately nil (31 December 2022: HK$163.4 million) in relation to the above mentioned construction contracts under dispute.

Other outstanding legal claims that are subjected to legal proceedings and/or appeal amounted to approximately nil (2022: approximately HK$3,440.1 million). Provision for litigation on other claims amounted to nil (31 December 2022: HK$33.6 million) has been made in the consolidated financial statements at 31 December 2023 in respect of these claims. The Company considers that the Group has reasonable ground to defense those legal claims and consider that those legal claims would not result in any material adverse effects on the financial position of the Group.

Except for the matters disclosed in this announcement, the Group has the following litigations with some of its lenders:

(1) On 10 January 2017, 北京天洋基業投資有限公司 (Beijing SkyOcean Foundation Investments Co., Ltd.**) ("**Beijing SkyOcean**"), an indirect wholly-owned subsidiary of the Company entered into a loan agreement with 恒豐銀行股份有限公司北京分行 (Hengfeng Bank Securities Co., Ltd. Beijing Branch**) ("**Hengfeng Bank**"), pursuant to which Hengfeng Bank granted a term loan in the amount of RMB2,800.0 million (equivalent to approximately HK$3,327.0 million) to the Beijing SkyOcean for a term of 5 years for the purpose of financing the development and construction cost of a parcel of land in Fangshan District, Beijing, the PRC, under the COMB+ project (the "**Fangshan Land and CIP**"). The Fangshan Land was charged to Hengfeng Bank as one of the securities for the repayment of the loan.

On 28 February 2020, Beijing SkyOcean was informed that all rights under the loan and the relevant securities were transferred from Hengfeng Bank to 山東省金融資產管理股份有限公司 (Shandong Financial Assets Management Securities Co., Ltd.**) ("**Shandong Assets**").

On 13 August 2020, 北京市第二中級人民法院 (Second Intermediate People's Court of Beijing**) (the "**Beijing Court**") issued an enforcement judgment, pursuant to which it made an order that, amongst other things, Shandong Assets has the right to enforce the security of the loan by auctioning or selling the Fangshan Land and properties under construction in progress (CIP) and enjoy priority to the proceeds of the auction or the sale (as the case may be) (the "**Enforcement Judgment**"). 天洋控股集團有限公司 (SkyOcean Holding Group Co., Ltd.**), being one of the guarantors of the loan (the "**Guarantor**"), applied to the Beijing Court for an order that the Enforcement Judgment should not be enforced, which was rejected by the Beijing Court on 13 November 2020.

In or around December 2020, Beijing SkyOcean was informed by Shandong Assets that (i) it intended to enforce the security over the Fangshan Land and CIP by putting it on an public auction (the "**Auction**") in satisfaction of the loan (the "**Enforcement Action**"); and (ii) an application has been made to the Beijing Court for a valuation of the Fangshan Land and CIP, which shall be relied upon by Shandong Assets as the base price of the Auction. Based on the valuation report dated 2 December 2020 prepared by an independent valuer employed by Shandong Assets, the valuation of the Fangshan Land and CIP as at 23 October 2020 was approximately RMB2,798.7 million (equivalent to approximately HK$3,325.3 million) (the "**Valuation**").

On 31 December 2020, Beijing SkyOcean was in default of an outstanding principal of approximately RMB2,510 million (equivalent to approximately HK$2,982.3 million) and the accrued interest of approximately RMB213.7 million (equivalent to approximately HK$254.0 million).

On 13 January 2021, the Guarantor filed an application to the Beijing Court to object to the Valuation (the "**Application**"), and as informed by the Beijing Court in early March 2021, the Beijing Court has appointed 北京房地產估價師和土地估價師與不動產登記代理人協會 (Beijing Real Estate Valuer and Land Valuer and Immovable Asset Registration Agency Association**) to provide a professional technical assessment (專業技術評審工作)(the "**Assessment**") on the merits of the Application. The result of the Assessment was released on 30 March 2021 and concluded that the Application was without merit.

On 15 April 2021, the Beijing Court issued a notice to Beijing SkyOcean that the auction for southern zone of Fangshan Land was scheduled to take place at 阿里巴巴司法拍賣網路平台 (Alibaba Judicial Auction Network Platform**) (the "**Platform**") of the Beijing Court from 27 May 2021 to 28 May 2021. Based on the information disclosed on the Platform after the close of the Auction on 28 May 2021, no bid was received for the southern zone of Fangshan Land and CIP and the Auction was unsuccessful.

According to legal procedures, the case was automatically entered into the sell-off process after unsuccessful Auction. The sell-off process of southern zone of Fangshan Land and CIP took place at the Platform from 30 July 2021 to 28 September 2021. Based on the information disclosed on the Platform after the close of the sell-off process on 28 September 2021, no bid was received for the southern zone of Fangshan Land and CIP and the sell-off process was unsuccessful.

On 13 December 2021, the Beijing Court issued another notice to Beijing SkyOcean that another auction for central zone of Fangshan Land is scheduled to take place at the Platform on 30 December 2021. The base auction price was approximately RMB480.6 million. However, no bid was received for the central zone of Fangshan Land and the sell-off process was unsuccessful.

On 17 November 2022, a further enforcement judgment was handed down by the Beijing Court that the central zone of Fangshan Land held by the Group shall be transferred to Shandong Assets at the transaction price of RMB480.6 million (equivalent to approximately HK$538.0 million), and the proceeds from the transaction would be used for partial settlement of the bank and other borrowings and the Group's liabilities related to other legal claims. Accordingly, the central zone of Fangshan Land has been reclassified and presented as restricted properties subject to court enforcement order in the Group's consolidated statement of financial position as at 31 December 2022.

As at 31 December 2022, the southern zone of Fangshan Land and CIP was recognised as properties under development for sale amounted to approximately HK$2,562 million (31 December 2021: approximately HK$2,852 million).

The Company is in the process of obtaining a new loan from an independent financial institution for repayment to Shandong Assets and nothing is concluded up to the date of approval of these consolidated financial statements.

(2) On 15 May 2018, 湖南夢東方文化發展有限公司 (Hunan DreamEast Cultural Development Co., Ltd.**) ("**Hunan DreamEast**"), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with 北京銀行股份有限公司長沙分行 (Bank of Beijing Co., Ltd. Changsha Branch**) ("**Bank of Beijing**"), pursuant to which Bank of Beijing granted a 5-years term loan in the amount of approximately RMB320.0 million (equivalent to approximately HK364.8 million) to the Hunan DreamEast for the purpose of financing the development and construction cost of a parcel of land in Hengyang, the PRC under the Hengyang Project (the "**Hengyang Land**").

Hunan DreamEast was in default of an outstanding principal of approximately RMB263.1 million (equivalent to approximately HK$312.8 million). Without notice to Hunan DreamEast, Bank of Beijing filed a civil claim of RMB263.1 million against Hunan DreamEast with 湖南省長沙市中級人民法院 (Intermediate People's Court of Changsha, Hunan Province**) on 17 November 2020. The first judgment of the civil claim was handed down on 14 March 2022 by Intermediate People's Court of Changsha, Hunan Province in favour of Bank of Beijing. Hunan DreamEast disagreed with the judgment and made appeal to 湖南省高級人民法院 (High People's Court, Hunan Province**) on 9 August 2022. The appeal has been concluded on 3 November 2022 and the appeal made by Hunan DreamEast was dismissed. The overdue interests payable as at 31 December 2022 has been included in the Group's bank and other borrowings and the corresponding claim costs have been recognised in provision for litigation.

Hunan DreamEast is in the process of negotiation with Bank of Beijing on repayment schedule at the end of the reporting period.

EVENTS AFTER THE REPORTING PERIOD

Conversion of SkyOcean CB

In January and February 2024, the SkyOcean CB were fully converted into shares of the Company. For the details of the above, please refer to the announcements of the Company dated 12 January 2024, 22 January 2024 and 2 February 2024.

Proposed Restructuring

After considering legal and professional advice and the views from the Committee of Inspection, the Liquidators have been working on restructuring on the debts of the Company. Amongst others, the Court on 24 June 2025 granted an order for the Company to convene a meeting (the "**Scheme Meeting**") of creditors to consider, if thought fit, to approve the scheme of arrangement to be entered into among the Company and the creditors (the "**Scheme of Arrangement**"). Provided that the Scheme of Arrangement is approved at the Scheme Meeting, the Company will seek an order from the Court to sanction the Scheme of Arrangement at the sanction hearing, and will concurrently apply to the Court to permanently stay the winding-up proceedings against the Company and to discharge the Liquidators.

DIVIDEND

The Board did not recommend any final dividend for the year ended 31 December 2023 (2022: Nil).

CORPORATE GOVERNANCE CODE

As the Company has been under the control of the Liquidators and all powers of the Directors ceased since 11 March 2024, the current directors of the Company are therefore unable to comply with the Code on Corporate Governance Practices (the "**CG Code**"). The Company is not aware of any non-compliance with the CG Code during the year ended 31 December 2023. However, upon resumption of trading in the shares of the Company, the Company will ensure that the CG Code shall be complied with.

MODEL CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company is not aware of any non-compliance with the required standards as set out in the Model Code during the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE REVIEW

Since all powers of the Directors ceased upon granting of the winding-up Order against the Company by the High Court on 11 March 2024, the power of the audit committee has accordingly been suspended and the annual results have not been reviewed by the audit committee.

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The figures in respect of this announcement of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Global Link CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Global Link CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Global Link CPA Limited on this announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The auditor has expressed a disclaimer of opinion in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2023. The details of which are extracted as follows:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

(i) Material Uncertainty Related to Going Concern

As discussed in notes to the consolidated financial statements, as at 31 December 2023, the Group had net current liabilities of approximately HK$1,883.0 million and a capital deficiency of approximately HK$1,434.8 million, and the Group has incurred losses since 2019 and reported a loss of approximately HK$480.2 million for the year ended 31 December 2023. In addition, any further liabilities or obligations arising from legal disputes (see note to the consolidated financial statements), bank borrowing and bonds may have significant negative impact on the liquidity position of the Group. These conditions, along with other matters as set forth in note to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

On 1 November 2023, Forever Union Holdings Limited (the "**Petitioner**") filed the Petition against the Company with High Court of Hong Kong ("**High Court**"), on the basis of the Company's non-payment of the amount stated by the Petitioner in its statutory demand issued against the Company.

On 11 March 2024, the Company was ordered to be wound up by the High Court and Official Receiver by virtue of her office (the "**Official Receiver**") was appointed as the Provisional Liquidator of the Company.

On 14 August 2024, Messrs Osman Mohammed Arab and Wong Kwok Keung, both of Acclime Corporate Advisory (Hong Kong) Limited were appointed as the Liquidators pursuant to an Order of the High Court dated 14 August 2024.

Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Group (the "**Proposed Restructuring**") will be successfully completed as disclosed in notes to the consolidated financial statement, and that the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements for the year ended 31 December 2023 do not include any adjustments arising from the winding-up of the Company in Hong Kong.

We have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the Proposed Restructuring and the measures for future actions planned by management in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcomes would affect the future cash flows of the Group. Because of the significance of the matters above, we are unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

(ii) Deconsolidation of subsidiaries and derecognition of investment in a joint venture and incomplete books and records

In or around late of November 2023, the former controlling shareholder of the Company, had restricted the management of certain subsidiaries and an indirectly held joint venture (collectively "**the DE Group**") from contacting the staff of the Group, and the Group had since 24 November 2023 (the "**Date of Loss Control**") been unable to carry out workplace communication with DE Group and also unable to access all the books and records of DE Group. The Group considered that since the Date of Loss Control, the Group is unable to (i) control the operation and finance of DE Group; (ii) obtain the books and records of DE Group; (iii) obtain report from the management of DE Group on business matters; and (iv) direct the future development of DE Group.

In light of the above circumstances, the Group considered it had lost control over DE Group and had excluded the financial position of DE Group as at and after the Date of Loss Control and the results and cash flows of DE Group since the Date of Loss Control from the consolidated financial statements of the Group for the year ended 31 December 2023 (the "**Deconsolidation**").

The Group has been taking protective measures such as commencing legal proceedings against the relevant individuals and entities (collectively, the "**Legal Proceedings**"). Due to the uncertainty of the outcome of the Legal Proceedings, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the Deconsolidation of DE Group was appropriate.

Due to the insufficient supporting documents and relevant explanations on the accounting books and records in respect of DE Group and its operations, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether (i) the Deconsolidation of DE Group on the Date of Loss Control and the gain on Deconsolidation of subsidiaries approximately HK$131,239,000; (ii) the income and expenses for the years ended 31 December 2023 and 2022; (iii) the assets and liabilities as at 31 December 2023 and 2022; and (iv) the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

(a) Commitments and contingent liabilities in relation to DE Group and its operations

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities in relation to DE Group and its operations as at 31 December 2023 and 2022.

(b) Related party transactions and disclosures in relation to DE Group and its operations

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions for the year ended 31 December 2023 and 2022 and balances as at 31 December 2023 and 2022 in relation to DE Group and its operations as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

Any adjustments to the figures described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the years ended 31 December 2023 and 2022, the consolidated financial position of the Group as at 31 December 2023 and 2022 and the related disclosure thereof in the consolidated financial statements.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the Year containing the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading on the Stock Exchange in the shares of the Company, which was suspended with effect from 11:56 a.m. on 11 March 2024, remains suspended and will continue to be so until further notice.

The Company will keep the public informed by making further announcements as and when appropriate.

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

As the Liquidators only have limited information in relation to the Group, the Liquidators are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. The Liquidators do not accept or assume responsibility for this annual results for any purpose or to any person to whom this annual results are shown or into whose hands they may come.

For and on behalf of
DreamEast Group Limited
(In Compulsory Liquidation)
Osman Mohammed Arab
Wong Kwok Keung
Joint and Several Liquidators
Acting as agents of the Company
without personal liabilities

Hong Kong, 1 August 2025

As at the date of this announcement, the Board of Directors comprises Ms. Chan Sin I and Mr. Leong Tang Fu, as the Executive Directors, Mr Lam Chi Wing and Mr Wang Luonan as Non-executive Directors., Dr Li Xiao Long, Dr Meng Xiao Su, Mr Yang Bu Ting, Mr Zhao Da Xin, Mr Chu Hoi Kan and Ms Chan Sheung Yu as the Independent Non-executive Directors. All powers of the Directors ceased upon granting of the winding-up Order by the High Court on 11 March 2024.

The affairs, business and property of the Company are being managed by the Liquidators who act as the agents of the Company only and without personal liabilities.

***	The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*