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## **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 2024 INTERIM RESULTS**

#### **INTERIM RESULTS**

The Joint and Several Liquidators of the Company (the “**Liquidators**”) hereby present the interim results of DreamEast Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**period under review**”). During the period under review, the Group recorded total revenue of approximately HK\$82.3 million, an increase of approximately HK\$73.9 million or 875.3% compared to approximately HK\$8.4 million for the corresponding period in 2023. The increase in revenue was mainly resulted from the increase in revenue from sales of properties operations during the period under review. The Group recorded a net loss of approximately HK\$50.5 million for the period under review (six months ended 30 June 2023: net loss of approximately HK\$378.3 million). Such decrease in net loss was mainly resulted from the increase in revenue.

As at 30 June 2024, the deficit attributable to the owners of the Company amounted to approximately HK\$1,484.1 million, representing an increase of approximately HK\$49.3 million from that of 31 December 2023.

The Board of Directors of the Company (“**Board**” or “**Directors**”) did not recommend the payment of any interim dividend.

## **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 the Scheme Meeting to consider, if thought fit, to approve 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 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 of Arrangement be approved and successfully implemented, among other things, most of the liabilities of the Company, if not all, will be compromised and discharged under the Scheme of Arrangement.

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.

## **GROUP RESULTS**

The unaudited interim results of the Group for the six-month period ended 30 June 2024 have not been audited.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		<b>Six months ended</b>	
		<b>30.6.2024</b>	<b>30.6.2023</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	<b>4</b>		
Sales of properties		<b>82,342</b>	1,015
Rental income		–	4,528
Tourism park operations and other services		–	2,900
		<b>82,342</b>	8,443
Cost of sales and services		<b>(44,418)</b>	(3,003)
Gross profit		<b>37,924</b>	5,440
Other gains and losses, net	<b>6</b>	<b>268</b>	(129,420)
Other income		–	578
Share of results of joint ventures		<b>407</b>	51,430
Selling expenses		–	(800)
Administrative expenses		<b>(453)</b>	(17,819)
Finance costs	<b>7</b>	<b>(80,604)</b>	(287,664)
<b>Loss before tax</b>	<b>8</b>	<b>(42,458)</b>	(378,255)
Income tax expense	<b>9</b>	<b>(8,084)</b>	–
<b>Loss for the period</b>		<b>(50,542)</b>	(378,255)
<b>Other comprehensive income (loss):</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation to presentation currency		<b>872</b>	50,874
Share of other comprehensive loss of joint ventures		<b>418</b>	(38,937)
		<b>1,290</b>	11,937

	<i>Notes</i>	<b>Six months ended</b>	
		<b>30.6.2024</b>	30.6.2023
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
<b><i>Item that will not be reclassified subsequently to profit or loss:</i></b>			
Exchange differences on translation of foreign operations		—	—
<b>Other comprehensive income for the period</b>		<b>1,290</b>	11,937
<b>Total comprehensive loss for the period</b>		<b>(49,252)</b>	(366,318)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(50,536)	(376,657)
Non-controlling interests		(6)	(1,598)
		<b>(50,542)</b>	(378,255)
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		(49,246)	(359,559)
Non-controlling interests		(6)	(6,759)
		<b>(49,252)</b>	(366,318)
<b>Loss per share:</b>			
– Basic	11	HK\$(0.10)	HK\$(1.32)
– Diluted		HK\$(0.10)	HK\$(1.32)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		35	36
Investment properties		139,934	144,477
Investment in a joint venture		310,843	317,266
		<u>450,812</u>	<u>461,779</u>
<b>Current assets</b>			
Properties under development for sale		364,730	330,741
Other receivables, deposits and prepayments		5,599	5,740
Restricted bank balances		1,422	2,497
Bank balances and cash		4,736	5,439
		<u>376,487</u>	<u>344,417</u>
<b>Current liabilities</b>			
Trade and other payables	12	136,717	135,912
Contract liabilities		83,264	85,384
Amounts due to related companies		36,795	36,795
Amounts due to a joint venture		207,157	212,433
Tax payable		7,990	–
Bank borrowings		376,439	351,717
Convertible bonds and bonds		1,449,765	1,405,193
		<u>2,298,127</u>	<u>2,227,434</u>
<b>Net current liabilities</b>		<u>(1,921,640)</u>	<u>(1,883,017)</u>
<b>Total assets less current liabilities</b>		<u><u>(1,470,828)</u></u>	<u><u>(1,421,238)</u></u>

	<i>Notes</i>	<b>30.6.2024</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2023 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>13,255</u>	<u>13,593</u>
		<u>13,255</u>	<u>13,593</u>
<b>Net liabilities</b>		<b><u>(1,484,083)</u></b>	<b><u>(1,434,831)</u></b>
<b>Capital and reserves</b>			
Share capital		28,550	28,550
Reserves		<u>(1,512,629)</u>	<u>(1,463,383)</u>
Deficit attributable to owners of the Company		(1,484,079)	(1,434,833)
Non-controlling interests		<u>(4)</u>	<u>2</u>
Total deficit		<b><u>(1,484,083)</u></b>	<b><u>(1,434,831)</u></b>



Notes:

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The principal activities of the Company and its subsidiaries (together the “**Group**”) are involved in the provision of property development and leasing.

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

## 2. BASIS OF PREPARATION

Except for the matters described in section “Deconsolidation” and “Going concern” below, these condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure provisions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023.

### 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 for the year ended 31 December 2023.

## Going Concern

These condensed consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles are dependent upon continued availability of adequate finance or attaining profitable operations in future and the success of the 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\$50.5 million (six months ended 30 June 2023: approximately HK\$376.7 million) for the six months ended 30 June 2024. As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately HK\$1,921.6 million (31 December 2023: approximately HK\$1,883.0 million) and capital deficiency of approximately HK\$1,484.1 million (31 December 2023: approximately HK\$1,434.8 million). As at the same date, the Group had bank borrowings and convertible bonds and bonds payables amounted to approximately HK\$1,826.2 million (31 December 2023: approximately HK\$1,756.9 million), of which current bank borrowings and convertible bonds and bonds payable amounted to approximately HK\$1,826.2 million (31 December 2023: approximately HK\$1,756.9 million), while its cash and cash equivalents amounted to approximately HK\$4.7 million (31 December 2023: approximately HK\$5.0 million) only.

The Group is in active negotiations with the lender in respect of the bank borrowings for a debt restructuring so as to settle the bank borrowings 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 30 June 2024. Accordingly, the Company considers that it is appropriate to prepare the condensed financial statements of the Company on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company 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 year 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 30 June 2024 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 condensed financial statements.

### 3. ADOPTION OF NEW/REVISE HKFRS ACCOUNTING STANDARD

In the current period, 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 2024:

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>4</sup> 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.

#### 4. REVENUE

For the six months ended 30 June 2024 (Unaudited)

	Property development and leasing <i>HK\$'000</i>	Tourism park operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>			
Recognised at a point in time			
Sales of properties	<u>82,342</u>	<u>–</u>	<u>82,342</u>
<b>Total revenue generated in the PRC</b>	<u><b>82,342</b></u>	<u><b>–</b></u>	<u><b>82,342</b></u>

For the six months ended 30 June 2023 (Unaudited)

	Property development and leasing <i>HK\$'000</i>	Tourism park operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Revenue from contracts with customers within HKFRS 15</b>			
Recognised at a point in time			
Sales of properties	1,015	–	1,015
Entrance fee, food and beverage	<u>–</u>	<u>2,900</u>	<u>2,900</u>
	1,015	2,900	3,915
<b>Revenue from other sources</b>			
Gross rental income from investment properties	<u>4,528</u>	<u>–</u>	<u>4,528</u>
<b>Total revenue generated in the PRC</b>	<u><b>5,543</b></u>	<u><b>2,900</b></u>	<u><b>8,443</b></u>

## 5. SEGMENT INFORMATION

Information reported to the Group's senior management, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focused on the types of goods or services delivered or provided. For the six months ended 30 June 2023, the Group's reportable segments for the CODM's purposes are (i) property development and leasing and (ii) tourism park operations. In the current period under review, the senior management concluded that there were no reportable segments other than property development and leasing segment.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

#### For the six months ended 30 June 2024 (Unaudited)

	Property development and leasing <i>HK\$'000</i>	Tourism park operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customer and segment revenue	<u>82,342</u>	<u>–</u>	<u>82,342</u>
Reportable segment results	<u>(3,738)</u>	<u>–</u>	<u>(3,738)</u>
Unallocated income and expenses			
Other gains and losses			268
Other income			–
Share of results of joint ventures			407
Administrative expenses			(104)
Finance costs			<u>(39,291)</u>
Loss before tax			<u><u>(42,458)</u></u>

#### For the six months ended 30 June 2023 (Unaudited)

	Property development and leasing <i>HK\$'000</i>	Tourism park operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customer and segment revenue	<u>5,543</u>	<u>2,900</u>	<u>8,443</u>
Reportable segment results	<u>(324,729)</u>	<u>(3,072)</u>	<u>(327,801)</u>
Unallocated income and expenses			
Other gains and losses			354
Other income			573
Share of results of joint ventures			51,430
Administrative expenses			(4,516)
Finance costs			<u>(98,295)</u>
Loss before tax			<u><u>(378,255)</u></u>

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

## 6. OTHER GAINS AND LOSSES, NET

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income	<b>1</b>	5
Foreign exchange loss, net	–	(30)
Reversal of provision for litigation	–	7,864
Provision for compensation	–	(15,971)
Loss on derecognition of restricted properties subject to court enforcement order	–	(16,035)
Loss on disposal of investment properties	–	(104,287)
Others	<b>267</b>	(966)
	<b>268</b>	(129,420)

## 7. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest expenses on:		
– Bank and other borrowings	<b>41,313</b>	196,324
– Convertible bonds and bonds	<b>39,291</b>	98,285
– Lease liabilities	–	145
	<b>80,604</b>	294,754
Less: Borrowing costs capitalised in properties under development for sale	–	(7,090)
	<b>80,604</b>	287,664

## 8. LOSS BEFORE TAX

Loss before tax for the period has been arrived at after charging (crediting):

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Gross rental income from investment properties	–	(4,528)
Less: Direct operating expenses, as include in selling expenses	–	5
	–	(4,523)
Other items		
Cost of properties sold	44,418	618
Depreciation of property, plant and equipment	1	1,019
Depreciation of right-of-use assets	–	2,008
Loss on termination of right-of-use assets	–	328

## 9. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Deferred Tax		
PRC Enterprise Income Tax (“EIT”) and		
Land Appreciation Tax (“LAT”)	8,084	–

No provision for Hong Kong Profit Tax had been provided as the Group did not have any assessable profit from Hong Kong for the six months ended 30 June 2024 and 2023.

No provision for EIT had been provided as the Group’s subsidiaries in the PRC incurred a loss for taxation purpose for the six months ended 30 June 2024 and 2023.

The provision of PRC LAT was estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT had been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.



## 10. DIVIDENDS

The Directors did not recommend the payment of interim dividend for the six months ended 30 June 2024 and 2023.

## 11. LOSS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Loss</b>		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	<b>(50,536)</b>	(376,657)
	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic and diluted loss per share	<b>522,378</b>	285,491

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 did not assume the conversion of the Company's convertible bonds since its assumed exercise would result in a 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 on loss per share for the six months ended 30 June 2024 and 2023.

## 12. TRADE AND OTHER PAYABLES

	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
Trade and bills payables	75,036	76,932
Other payables, accruals and deposits received	59,780	57,031
Provision for litigation ( <i>Note i</i> )	1,901	1,949
	<u>136,717</u>	<u>135,912</u>

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 (31 December 2023: 120 days).

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

	30.06.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)
0–180 days	–	–
181–365 days	–	–
Over 365 days	75,036	76,932
	<u>75,036</u>	<u>76,932</u>

*Note:*

- (i) The provision for litigation represented provision made, in relation to defaults of repayment of bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Financial Resources

As at 30 June 2024, the Group had a financial position with net liabilities of HK\$1,484.1 million (31 December 2023: HK\$1,434.8 million). Net current liabilities amounted to HK\$1,921.6 million (31 December 2023: HK\$1,883.0 million) with current ratio decreasing from approximately 0.21 times at 31 December 2023 to approximately 0.16 times at 30 June 2024. The Group's total current assets as at 30 June 2024 amounted to approximately HK\$376.5 million (31 December 2023: approximately HK\$343.7 million), which comprised properties under development for sale, other receivables, deposits and prepayments, other current assets, restricted bank balances, bank balances and cash. Cash and cash equivalents were mainly denominated in RMB and HK\$. The Group's total current liabilities as at 30 June 2024 amounted to approximately HK\$2,298.1 million (31 December 2023: approximately HK\$2,226.7 million), which comprised trade and other payables and accruals, contract liabilities, amounts due to related companies and a joint venture, tax payable, bank borrowings and convertible bonds and bonds. Bank borrowings were denominated in RMB and HK\$. Bank borrowings of HK\$376.4 million were obtained at fixed rate. The Group's negative gearing ratio was approximately 1.6 times (31 December 2023: approximately 1.6 times) based on total liabilities of approximately HK\$2,311.4 million (31 December 2023: approximately HK\$2,240.3 million) and total deficit of approximately HK\$1,484.1 million (31 December 2023: approximately HK\$1,434.8 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 it is agreed that, (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.

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 the Charged Assets (the “**Charged Assets**”), which include (i) 205,182,287 Shares owned by SkyOcean Investment, equivalent to approximately 71.87% of the total number of issued shares of the Company) and (ii) the charged 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 the entirety of 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.

Subsequently, 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.

### **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 Company has been undertaking 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, 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.

### **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 of its 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 30 June 2024, properties under development for sale with carrying amount of approximately HK\$364.7 million (31 December 2023: approximately HK\$330.7 million) and investment properties with carrying amount of approximately HK\$139.9 million (31 December 2023: approximately HK\$144.5 million) were pledged to certain banks and a financial institution to secure borrowings obtained from the aforesaid parties.

### **Significant Investment Held**

During the six months ended 30 June 2024, the Group held approximately 51% equity interests of Tianmao Cultural Development (Jiangyin) Co., Ltd.

### **Material Acquisition and Disposal of Subsidiaries and Associates**

During the six months ended 30 June 2024, there were no material acquisitions or disposals of subsidiaries and associates by the Group.

### **Management and Staff**

As at 30 June 2024, the total number of employees (including both full time and part time) was approximately 14 (six months ended 30 June 2023: approximately 66). Total staff costs amounted to approximately HK\$0.4 million (six months ended 30 June 2023: approximately HK\$6.9 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.

## LEGAL DISPUTES

As at 30 June 2024, the Group is subjected to legal claims amounted to approximately HK\$1.9 million (31 December 2023: approximately HK\$1.9 million), mainly in relation to defaults of repayment of bank borrowings, which arose during the normal course of business.

The management has sought advice from the independent legal advisors or internal legal counsel on these matters.

## 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 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 scheme of arrangement to be entered into among the Company and the creditors (the “**Scheme of Arrangement**”). 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.

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## **COMPLIANCE WITH THE 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 six months ended 30 June 2024. 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 six months ended 30 June 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

## **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 interim results have not been reviewed by the audit committee.

## **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 interim results for any purpose or to any person to whom this interim 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 Non-executive Directors, and 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 Joint and Several Liquidators who act as agents of the Company only and without personal liability.*

**\*\*** *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.*