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)

COMPLETION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY; SUPPLEMENTAL AND CLARIFICATION ANNOUNCEMENT; AND CONTINUED SUSPENSION OF TRADING

Reference is made to the announcement (the "**Announcement**") of DreamEast Group Limited (In Compulsory Liquidation) (the "**Company**") dated 7 August 2025 in relation to, among other matters, the Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE ACQUISITION

The Liquidators would like to announce that the conditions precedent as set out under the Sale and Purchase Agreement have been fulfilled and the Completion took place on 4 September 2025 in accordance with the terms and conditions of the Sale and Purchase Agreement. After the Completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

SUPPLEMENTAL INFORMATION IN RELATION TO THE ACQUISITION

The Liquidators wish to provide the shareholders and potential investors of the Company with additional information in respect of the Acquisition.

The Valuation

Valuation approach

As disclosed in the Announcement, the preliminary valuation of the equity interest of the Target Company of HK$13,719,000 (the "**Valuation**") was appraised by an independent valuer (the "**Valuer**") using asset approach.

In the process of the Valuation, the Valuer has taken into consideration of various factors, including but not limited to, business nature, assets type, specialty of operations, assets owned, and liabilities assumed and industry of the Target Company. When selecting the valuation methodology, the three generally accepted valuation methodologies, namely the income approach, the market approach and the asset approach, were considered. Considering that (i) the Target Group has been in financial difficulties and is undergoing a debt restructuring; (ii) it has not resumed its commercial operations pending injection of new capital; (iii) the use of historical data is not sufficient to form a reliable basis of projections; and (iv) the use of projections would involve a high level of uncertain, long-term forecast estimates and underlying assumptions, the income approach is therefore not considered appropriate for the Valuation.

On the other hand, the market approach is also considered not appropriate as there are insufficient relevant comparable transactions and companies to form a reliable basis for an opinion on value given the financial information and operating status of the Target Group. In addition, as the construction works of the primary property interests owned by the Target Group have been suspended, the market approach based on latest financial metrics is not reasonable and applicable after considering the relevant circumstances.

Under the asset approach, the Valuer has adopted the adjusted net assets method, of which all of the Target Company's individual asset and liability account categories are analysed and valued separately. The value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value. Such asset approach is considered appropriate for estimating the value of a newly incorporated company which is not mature but still under development. Taking into account that the Target Company is a newly incorporated company, the asset approach was adopted by the Valuer. As at the Valuation Date, the key assets of the Target Company were the property interests in the Property Project. The appraised value of the properties was derived from their fair value, which was assessed using the market approach based on, among others, the aggregated gross floor area of the properties, the adopted unit rate of RMB per square meter and the expended construction costs.

Key inputs

As at 30 June 2025, being the reference date (the "**Valuation Date**") of the Valuation, the Target Company had total assets of a book value of approximately HK$109,216,000, and an appraised value of approximately HK$288,022,000. The book value of the total liabilities of the Target Company was approximately HK$261,098,000, with no difference in the appraised value, resulting in an appraised value of the net assets of the Target Company of approximately HK$26,924,000.

Set out below are the breakdowns of the book value and appraised value of the assets and liabilities of the Target Group:

	Book value	Appraised value
	HK$'000	HK$'000
Assets		
Properties under development	109,216	288,022 *(Note 1)*
Total assets	**109,216**	**288,022**
Liabilities		
Other payables *(Note 2)*	222,330	222,330
Shareholder's loan *(Note 3)*	38,768	38,768
Total liabilities	**261,098**	**261,098**
Net assets / (liabilities)	(151,883)	26,924
Less non-controlling interest (NCI)	(74,410)	13,205
Net assets / (liabilities) excluding NCI	**(77,472)**	**13,719**

Notes:

1. *The appraised value of the properties under development was derived from their fair value, which was assessed using the market approach based on, among others, the aggregated gross floor area of the properties, the adopted unit rate of RMB per square meter with reference to the local market benchmark prices and the expended construction costs. The appreciation in value of the properties was mainly due to the increase in unit rate of the land portion in the Property Project from the initial cost booking date to the valuation. Properties under development were booked at cost pursuant to applicable accounting standards, leading to the difference between the book value and appraised value.*

2. *The other payables include the professional fee and litigation fee for the winding-up proceedings, salaries and benefits to staff, other PRC tax payables and debt owed to previous suppliers/vendors. According to the Restructuring Plan, these other payables are expected to be repaid in thirty (30) months from the date of approval of the Restructuring Plan, and will be repaid by utilising the proceeds to be received from the sale of properties under the Property Project.*

3. *As at 30 June 2025, the shareholder's loan in the principal amount of approximately RMB35 million granted by Mr. Zhang Jinbing to the Target Company was unsecured and unguaranteed, interest-free and repayable in five years. It is expected that the shareholder's loan will be repaid by utilising the proceeds to be received from the sale of properties under the Property Project.*

4. *Figures in the table above have been subject to rounding adjustments, and thus, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.*

As at the date of this announcement, Guangzhou Taihu is owned as to approximately 57.8% by Guangzhou Luyi, which in turn is owned as to 88.235% by the Target Company, representing an effective equity interest of approximately 51.0% in Guangzhou Taihu. The appraised value of the entire equity interest of the Target Company of approximately HK$13,719,000 was derived by excluding the non-controlling interests of approximately HK$13,205,000 from the appraised value of the net assets of approximately HK$26,924,000.

Assumptions

In conducting the Valuation, the Valuer has adopted the following major assumptions:

(i) The Reorganisation has been completed as of the Valuation Date for the purpose of the Valuation;

(ii) The related tax adjustment for deferred tax assets or liabilities, if applicable, as a result of the revaluation of relevant assets and liabilities is assumed to be minimal;

(iii) The Target Company is assumed to have no contingent assets and liabilities or any other off-balance sheet items which should be recognised or valued attributable to the Target Company;

(iv) To continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business;

(v) The contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

(vi) The financial and operational information of the Target Company as supplied to the Valuer has been prepared in a manner which truly and accurately reflects the financial position of the Target Company as at the respective balance sheet date;

(vii) Market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general;

(viii) Key management, competent personnel and technical staff will all be retained to support ongoing operations of the Target Company;

(ix) There will be no material changes in the business strategy of the Target Company and its expected operating structure;

(x) Interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;

(xi) All relevant consents, business certificates, licences or other legislative or administrative approvals from any local, provincial or national government, or private entity or organisation required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(xii) There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

The Property Project

As disclosed in the Announcement, on 29 August 2024, Greentown Field and the Target Company entered into a cooperation agreement (the "**Cooperation Agreement**"), pursuant to which the parties thereto agreed to form a company (i.e. Guangzhou Luyi), and the Target Company injected RMB8,823,500 into Guangzhou Luyi, thereby entitled to approximately 88.235% equity interest in Guangzhou Luyi. As Guangzhou Luyi, which is an indirect non-wholly owned subsidiary of the Company, is the controlling shareholder of Guangzhou Taihu, the Company is expected to exercise majority control and strategic management over the Property Project, including making key operational decisions, arranging project financing, and overseeing the overall development and sales processes. On the other hand, Greentown Field serves solely as a technical consultant providing expertise in property development under the Cooperation Agreement, while maintaining a minority investment position without any management authority or control over the Guangzhou Property Project.

The funding obligations for the development of the Property Project shall be borne by the shareholders of Guangzhou Luyi and Guangzhou Taihu in proportion to their respective shareholding interests. As the Company ultimately holds 51% of the equity interest in Guangzhou Taihu through the Target Company and Guangzhou Luyi, it will correspondingly bear 51% of any financial and capital requirements for the Property Project.

All proceeds generated from the sales of completed properties under the Property Project shall be received in full by Guangzhou Taihu and subsequently consolidated into the Group's financial statements. The Company will retain full control over these cash proceeds. Any subsequent distribution to non-controlling interests, including to Greentown Field (as the minority shareholder of Guangzhou Luyi), will be contingent upon and subject to the actual operating performance of Guangzhou Taihu. There is no pre-defined or guaranteed return arrangement with any third party.

The Property Project, including the relevant property rights, is held by Guangzhou Taihu at all material times. Leveraging the Group's established expertise in property development in the PRC and its experience in the sales of properties, it is expected that the relevant construction works under the Property Project will outsourced to other subcontractors, whereas the Target Company will be primarily responsible for managing and supervising the development progress of the Property Project and the sales and pre-sales of properties. After the Completion, there will not be any immediate substantial capital injection obligations on the part of the Company due to the extended credit terms granted by suppliers and the fact that the majority of subcontractor payments and construction-related expenditures will be structured with payment terms that align closely with, or subsequent to, the receipt of sales proceeds from pre-sold properties. This enables the Property

Project to resume operations with minimal initial working capital, which will be funded by external financial resources.

The financial and capital requirements in respect of the operation of the Property Project are expected to be satisfied by the operating cash flows as supported by the sales of completed inventory units, and external financial resources available to the Group from time to time.

Set out below is the expected development timeline in respect of the Property Project:

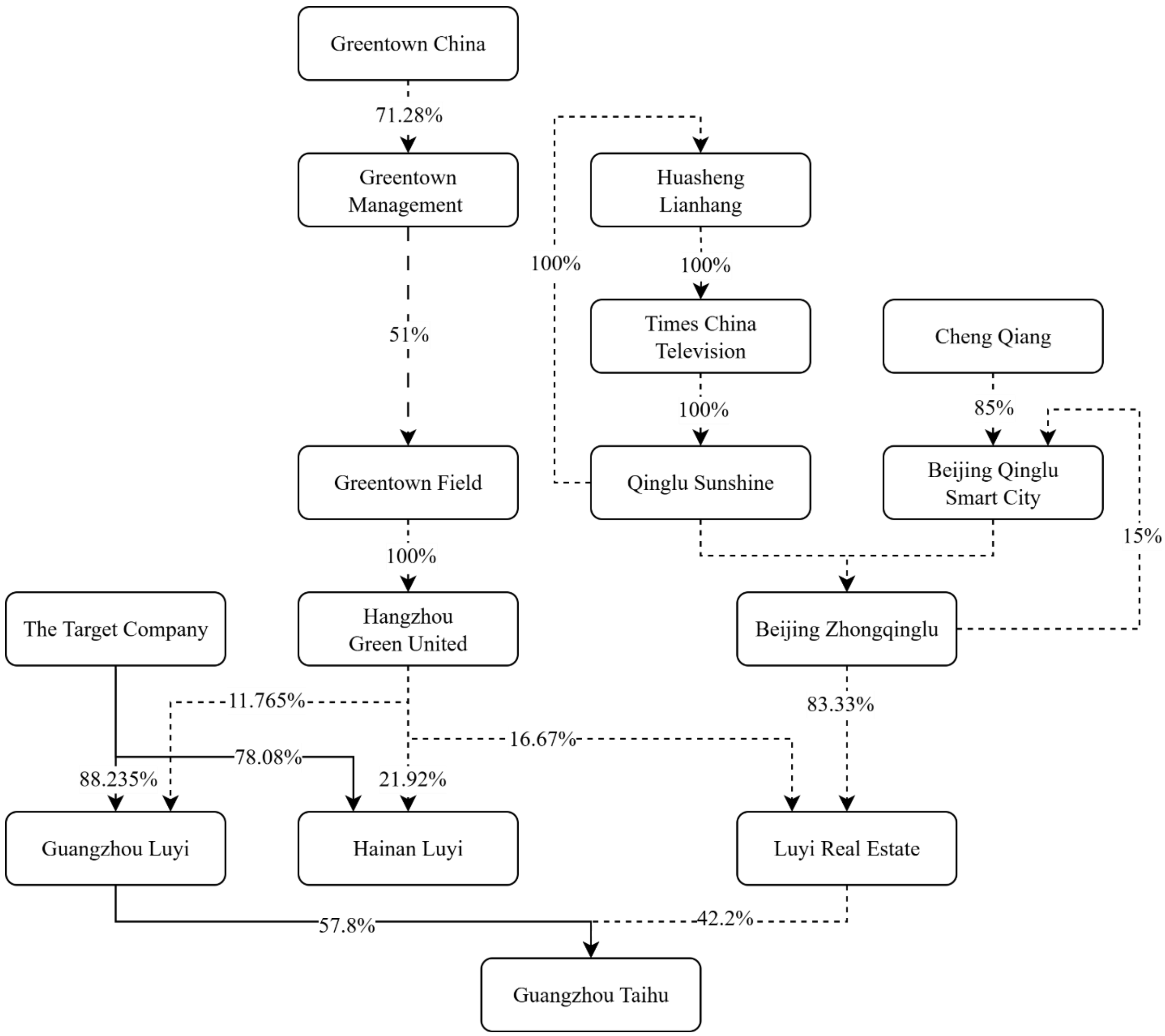
Expected timeline	**Event(s)**
In or around August 2025	Re-activation of the Property Project, including but not limited to site planning and submission of development plans for approval
In or around October 2025	Commencement of the sales of completed inventory units on hand
In or around November 2025	Commencement of the construction works
In or around mid-2026	Commencement of pre-sales of newly developed properties
By the end of 2026	Completion of properties construction and fulfilment of the conditions for preliminary acceptance (初驗條件)
In the first quarter of 2027	Completion of the Property Project and handover of the completed units

Prior to the Restructuring, the Property Project had been developing in phases. As at the date of this announcement, the Property Project is approaching final phase and is expected to be completed by the first quarter of 2027.

The Group anticipates revenue from the Property Project through a phased approach: (i) near-term cash flow from the sale of readily marketable inventory commencing October 2025; (ii) progressive pre-sale revenue from newly developed properties from mid-2026 onwards; and (iii) sustainable income will derive from long-term commercial leasing operations after the handover procedures. This diversified approach ensures continuous revenue generation throughout the project lifecycle while supporting the Group's strategic expansion objectives in the Guangzhou property market.

CLARIFICATION ON INFORMATION ABOUT THE TARGET GROUP

The Company would like to clarify that due to an inadvertent error in the Announcement, the shareholding structure of the Target Group immediately after completion of the Reorganisation as disclosed on page 5 of both the English and Chinese version of the Announcement should be replaced in its entirety by the following:



Notes:

(i) *the dotted lines represent equity interests directly held by entities outside the Group.*

(ii) *the solid lines represent equity interests directly held by subsidiaries of the Company.*

(iii) *the dashed line represents equity interests indirectly held by entities outside the Group.*

As at the date of this announcement, Guangzhou Taihu, being a company established in the PRC with limited liability, is owned as to 42.2% by Luyi (Guangzhou) Real Estate Management Company Limited* (綠羿（廣州）房地產經營管理有限公司) ("**Luyi Real Estate**") and as to 57.8% by Guangzhou Luyi, which in turn is owned as to 88.235% by the Target Company and as to 11.765% by Hangzhou Green United Real Estate Construction Management Company Limited* (杭州綠聯房地產建設管理有限公司) ("**Hangzhou Green United**").

Luyi Real Estate, a company established in the PRC with limited liability, is owned as to 83.33% by Beijing Zhongqinglu Properties Limited* (北京中青旅置業有限公司) ("**Beijing Zhongqinglu**") and as to 16.67% by Hangzhou Green United. Beijing Zhongqinglu is ultimately owned by (i) Qinglu Sunshine Scenic Area Management (Beijing) Company Limited* (青旅陽光景區管理（北京）有限公司) ("**Qinglu Sunshine**"), Times China Television (Beijing) Culture Communication Company Limited* (時代中視（北京）文化傳播有限公司) ("**Times China Television**") or Huasheng Lianhang Food (Beijing) Company Limited* (華盛聯航食品（北京）有限公司) ("**Huasheng Lianhang**"), which are in a circular ownership (collectively, the "**Circular Group**"); and (ii) Beijing Qinglu Smart City Investment Company Limited* (北京青旅智慧城市投資有限公司) ("**Beijing Qinglu Smart City**"), which in turn is owned as to 85% by Cheng Qiang* (成強) and as to 15% by Beijing Zhongqinglu. Based on the latest public search record available, the actual shareholdings in Beijing Zhongqinglu were undisclosed. To the best of the Liquidators' knowledge, information and belief, having made all reasonable enquiries, Beijing Zhongqinglu, each of the members of the Circular Group and Cheng Qiang are third parties independent of and not connected with the Group.

Hangzhou Green United is a company established in the PRC with limited liability and is wholly and beneficially owned by Greentown Field, the ultimate beneficial owner of which is Greentown Management Holdings Company Limited ("**Greentown Management**") (Stock Code: 9979), in turn owned as to 71.28% by Greentown China Holdings Limited (Stock Code: 3900) ("**Greentown China**").

Hainan Luyi Urban Construction and Development Company Limited* (海南綠誼城市建設開發有限公司) ("**Hainan Luyi**"), is a company established in the PRC with limited liability and principally engaged in property development and management. As at the date of this announcement, it is a direct non-wholly owned subsidiary of the Target Company, which is owned as to approximately 78.08% by the Target Company and as to approximately 21.92% by Hangzhou Green United.

Hainan Luyi was established in the PRC on 25 December 2024 and (i) has no commercial operation since its establishment; and (ii) does not hold any material assets as at the date of this announcement. As such, the financial information of the Target Group as disclosed in the Announcement remains unchanged.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

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 announcement(s) as and when appropriate.

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

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, 5 September 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 Joint and Several Liquidators who act as the agents of the Company only and without personal liabilities.

** For identification purpose only*