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DREAM EAST
梦东方

DREAMEAST GROUP LIMITED
夢東方集團有限公司

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

(Stock Code: 593)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE DISCLAIMER OF OPINION SET OUT
IN THE INDEPENDENT AUDITOR’S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Reference is made to (i) the announcement of DreamEast Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 May 2021, the first announcement of the Company dated 17 June 2021 (the “**2021 June Announcement**”) and the second announcement of the Company dated 17 June 2021; and (ii) the annual report published by the Company on 31 May 2021, in relation to, among other things, the annual results of the Company for the year ended 31 December 2020 (collectively, the “**Annual Results Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as set out in the Annual Results Announcements.

In the 2021 June Announcement, the Company disclosed its action plan for addressing the Disclaimer. This announcement is made with the purpose of keeping the shareholders and potential investors informed of the implementation of the said action plan and the latest business development of the Group.

THE CMA WITH BANK OF BEIJING

The Company has been negotiating with the Bank of Beijing for finalising the CMA. As at the date of this announcement, no CMA has been executed between the Company and the Bank of Beijing. The Company expects to execute the CMA with the Bank of Beijing in the first quarter of 2022.

RE-LAUNCH OF THE PRE-SALES OF HENGYANG DREAMEAST RESORT

Due to liquidity issues and the change of urban planning by the relevant government authorities in the PRC, the pre-sales of Hengyang DreamEast Resort could not be re-launched in the fourth quarter of 2021.

The Company is in the course of active negotiation with the relevant government authorities in the PRC and the Bank of Beijing to secure funds for the construction works of the Hengyang DreamEast Resort, which shall soon be commenced by the new constructors. The Company expects to re-launch the pre-sales in May 2022.

SUPPLEMENTAL AGREEMENT WITH CCBI

Reference is made to the Company's announcement dated 19 June 2020, in which the Company disclosed that a Supplemental Deed was entered into between the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou, Beijing SkyOcean and the Subscriber.

The Company repaid a sum of HK\$47,000,000 to the Subscriber on 31 August 2021, being the full repayment of the principal amount of the Remaining 2015 CB (as defined in the Company's announcement dated 19 June 2020) and a partial repayment of the Remaining 2015 Bond. The Company is in the course of negotiating a further supplemental deed with the Subscriber for the purpose of further extending the respective maturity date of the Remaining 2015 Bond and the Remaining 2016 Bond.

DISPOSAL OF 51% EQUITY INTEREST IN DREAMEAST JIASHAN

Reference is made to the 2021 June Announcement, in which the Company disclosed that a Non-Legally Binding Cooperation Framework Agreement was entered into between the Vendor and the Purchaser (an independent third party).

Despite the Company disclosed in the 2021 June Announcement that the Vendor and the Purchaser expect to enter into a formal sale and purchase agreement in relation to the Disposal in the third quarter of 2021, the progress of it has been delayed due to certain changes in the relevant government officials. The Vendor and the Purchaser are still in the course of negotiating the terms of the formal sale and purchase agreement. The Company wishes to draw the attention of the shareholders and potential investors of the Company that the Vendor and the Purchaser are both willing to push forward the Disposal. It is expected that the aforesaid negotiations will be completed and that the terms of the formal sale and purchase agreement can be finalised in due course.

SUPPLEMENTAL AGREEMENT WITH SHANDONG ASSET

Reference is made to the 2021 June Announcement, in which the Company disclosed that even though the Fangshan Project is subject to Enforcement Action, it has still operated normally. This remains to be the current status of the Fangshan Project.

Reference is also made to the Company's announcement dated 30 August 2021, in which the Company disclosed that Shandong Asset intended to enforce the security over the southern zone of Fangshan Land and CIP by putting it on public auction. The aforesaid auction took place in May 2021 and no bidder has made any offer to purchase the aforesaid land. The Company is informed by Shandong Asset that it refuses to accept the security in satisfaction of the loan.

The central zone of Fangshan Land was put on public auction on 11 December 2021. No bidder has made any offer to purchase the aforesaid land.

The Company is in the course of negotiating the operating directions of the Fangshan Project with Shandong Asset. The Company is also in the course of negotiating a supplemental loan agreement with Shandong Asset.

THE UPDATED TIMETABLE FOR IMPLEMENTATION OF THE ACTION PLAN FOR ADDRESSING THE DISCLAIMER

In respect of each of the aforesaid matters, the Company's updated action plan for addressing the Disclaimer is as follows:

Timeline

Execution of the CMA with Bank of Beijing	First quarter of 2022
Re-launch of the pre-sales of Hengyang DreamEast Resort	May 2022
Execution of the supplemental agreement with CCBI	Fourth quarter of 2022
Disposal of 51% equity interest in DreamEast Jiashan	Fourth quarter of 2022
Execution of supplemental agreement with Shandong Asset	Fourth quarter of 2022

REMOVAL OF THE DISCLAIMER

In view of the updated timeline, the Company will liaise with the auditors as to whether the Disclaimer will be removed in the auditors' report in respect of the Company's financial statements for the year ending 31 December 2021. The Company will make further announcement(s) if and when necessary.

By order of the Board
DREAMEAST GROUP LIMITED
Zhou Jin
Chairman

Hong Kong, 14 December 2021

As at the date of this announcement, the board of directors of the Company comprises Ms. Zhou Jin (Chairman) and Mr. Yang Lei being the executive Directors, and Dr. Chen Guanglei, Dr. Meng Xiaosu, Mr. Yang Buting, Mr. Zhao Daxin and Mr. Choi, Clifford Wai Hong being the independent non-executive Directors.