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DREAM EAST
梦东方

DREAM EAST 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)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Financial adviser to DreamEast Group Limited

ADVENT
宏智融資

Placing Agent



PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 5 February 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 109,159,208 Placing Shares at the Placing Price of HK\$0.135 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the maximum of 109,159,208 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67 % of the issued share capital of the Company as enlarged by the allotment and issue of 109,159,208 Placing Shares.

The Placing Price of HK\$0.135 per Placing Share represents (i) a discount of approximately 15.63% to the closing price of HK\$0.160 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.64% to the average closing price per Share of approximately HK\$0.168 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming the maximum 109,159,208 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$14,736,493 and HK\$14,094,193 respectively. The Company intends to apply the net proceeds from the Placing as to HK\$12.68 million for repayment of the Group's indebtedness and interest expenses and as to HK\$1.41 million as general working capital of the Group.

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to the Shareholders' approval at the SGM.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Placing are conditional upon satisfaction of their respective conditions set out in this announcement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Details of the Placing Agreement are set out as follows:

THE PLACING AGREEMENT

Date: 5 February 2024 (after trading hours)

Parties: Issuer: The Company

Placing Agent: Space Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent has conditionally agreed with the Company to place a maximum of 109,159,208 Placing Shares on a best effort basis to not less than six Placees whom and whose ultimate beneficial owners will be Independent Third Parties. The Placees shall be individual, institutional or professional investors. Upon Completion, it is expected that none of the Placees nor their associates will become a substantial Shareholder. If any of the Placees or their associates will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Placing Shares

As at the date of this announcement, the Company has 545,796,038 Shares in issue. Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of Completion, the maximum number of 109,159,208 Placing Shares represent (i) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Assuming all 109,159,208 Placing Shares are successfully placed by the Placing Agent, the aggregate nominal value of the maximum number of Placing Shares is HK\$10,915,920.8.

Placing Price

The Placing Price of HK\$0.135 represents:

- (i) a discount of approximately 15.63% to the closing price of HK\$0.160 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 19.64% to the average closing price per Share of approximately HK\$0.168 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement;
- (iii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.98%, represented by the theoretical diluted price of approximately HK\$0.163 per Share to the benchmarked price of approximately HK\$0.168 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of this announcement of HK\$0.160 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of HK\$0.168 per Share); and
- (iv) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 2.98% which is the same as the theoretical dilution effect calculated in (iii) above as the Company had not conducted any fund raising activities (rights issues, open offers and/or specific mandate placings) involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

The Placing Price was determined with reference to the prevailing market price and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Specific Mandate

The Placing Shares will be allotted and issued under the Specific Mandate to be sought and approved by the Shareholders at the SGM.

Commission

The Placing Agent will be entitled to a commission of 1.5% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment of all of the following:

- (i) the passing of necessary resolution(s) by the shareholders of the Company who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve the Placing Agreement and the transactions contemplated hereunder, including the grant of the Specific Mandate at the SGM;
- (ii) there shall not have occurred any material breach or any event rendering materially untrue or inaccurate, any of the representations, warranties or undertakings by the Company under the Placing Agreement;
- (iii) the granting by the Listing Committee of listing of, and permission to deal in, all of the Placing Shares being obtained and not being subsequently revoked; and
- (iv) the Placing Agreement not being terminated by the Placing Agent pursuant to the terms of the Placing Agreement.

If any of the conditions are not fulfilled on or before 28 March 2024 or such later date as the parties of the Placing Agreement may agree in writing, the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Completion

The Completion shall take place on a date falling within 3 Business Days after the fulfilment of the conditions set out above are satisfied (or such later date as may be agreed between the parties to the Placing Agreement in writing).

Termination

If at any time between the execution of the Placing Agreement and at 8:00 a.m. on the Completion Date, there occurs:

- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations (or the judicial interpretation thereof) which is or is likely to be materially adverse to the financial position, business affairs, prospects, profits, losses or the financial or trading position or performance of any member of the Group and the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or
- (ii) any event, or series of events in the nature of force majeure (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, PRC, the United Kingdom, the European Union or the United States, or the declaration by Hong Kong, PRC, the United Kingdom, the European Union or the United States of war or a state of emergency or calamity or crisis; or
- (iii) any change or development in local, national or international financial, political, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) which is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable to proceed therewith; or

- (iv) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Completion Date; or
- (v) any temporary suspension of the Shares on the Stock Exchange (but excluding any suspension pending the approval of the Press Announcement or any other announcement relating to the transactions contemplated by the Placing Agreement) before the Completion Date; or

there has come to the notice of the Placing Agent:

- (vi) any material breach of the representations, warranties and undertakings set out in the Placing Agreement by the Company (or, in the case of any such representations, warranties and undertakings which are not qualified by materiality, any breach of any of such representations, warranties and undertakings in any material respect); or
- (vii) any material breach of the obligations imposed upon the Company; or
- (viii) any of the representations, warranties and undertakings set out in the Placing Agreement would be untrue or inaccurate or misleading in any material respect if given at that time; or
- (ix) any material adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Completion Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activities of the Group included the development and operation of cultural tourist resorts and theme parks under the brand of “DreamEast”, property development and leasing businesses.

Assuming the maximum 109,159,208 Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other related expenses) are estimated to be approximately HK\$14,736,493 and HK\$14,094,193 respectively. The Company intends to apply the net proceeds from the Placing as to HK\$12.68 million for repayment of the Group's indebtedness and interest expenses and as to HK\$1.41 million as general working capital of the Group.

In light of the prevailing financial conditions of the Group, the Board considers that the Placing to be a suitable financial option as compared to other means of financing as it enables the Group to raise capital in an efficient manner without increasing interest burden on the Group, strengthen the financial position of the Company and represents a good opportunity to broaden the Shareholders' base and capital base of the Company.

The Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under Specific Mandate.

The Board considers that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Completion:

Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Directors–				
Meng Xiao Su	61,737	0.011	61,737	0.009
Yang Bu Ting	61,737	0.011	61,737	0.009
Zhao Da Xin	61,737	0.011	61,737	0.009
Sub-total	<u>185,211</u>	<u>0.033</u>	<u>185,211</u>	<u>0.027</u>
Public Shareholders				
The Places	–	–	109,159,208	16.667
Other public Shareholders	<u>545,610,827</u>	<u>99.967</u>	<u>545,610,827</u>	<u>83.306</u>
Sub-total	<u>545,610,827</u>	<u>99.967</u>	<u>654,770,035</u>	<u>99.973</u>
Total	<u>545,796,038</u>	<u>100.00</u>	<u>654,770,035</u>	<u>100.00</u>

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to the Shareholders' approval at the SGM.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

The Placing are conditional upon satisfaction of their respective conditions set out in this announcement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Company”	DreamEast Group Limited, a company incorporated in Bermuda with limited liability and carrying on business in Hong Kong as “DreamEast Cultural Entertainment”, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Completion Date”	the date of Completion, three Business Days after the date on which the conditions of the Placing are fulfilled, but in any event no later than 28 March 2024, or such other date as the Company and the Placing Agent may agree in writing
“Conditions of the Placing”	the conditions of the Placing referred to in this Announcement
“Connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional investors or other investors who are Independent Third Parties, procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares, on a best effort basis, procured by the Placing Agent to the Placees, on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Space Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 5 February 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.135 per Placing Share
“Placing Share(s)”	109,159,208 new Shares to be placed pursuant to the Placing Agreement

“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among others, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the SGM to allot and issue a maximum of 109,159,208 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
DREAMEAST GROUP LIMITED
Chan Sin I
Executive Director

Hong Kong, 5 February 2024

As at the date of this announcement, the Board comprises Ms. Chan Sin I and Mr. Leong Tang Fu being the executive Directors, Mr. Lam Chi Wing (Chairman) and Mr. Wang Luonan being the 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 being the independent non-executive Directors.