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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)

**PROPOSED AMENDMENTS OF THE TERMS OF
THE 2015 CB, THE 2015 BONDS AND THE 2016 BONDS AND
UNUSUAL PRICE AND
TRADING VOLUME MOVEMENTS**

THE 2020 SUPPLEMENTAL DEED

References are made to the Previous Announcements. On 19 June 2020 (after trading hours), the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou, Beijing SkyOcean and the Subscriber entered into the 2020 Supplemental Deed, pursuant to which the parties agreed to, among other things, amend certain terms of (i) the 2015 Subscription Agreement; (ii) the 2015 CB Terms and Conditions; (iii) the 2015 Bonds Terms and Conditions; (iv) the 2016 Subscription Agreement; and (v) the 2016 Bonds Terms and Conditions, with effect from the Effective Date of the 2020 Supplemental Deed.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for approval of the Proposed Amendments in respect of the 2015 Subscription Agreement and the 2015 CB Terms and Conditions pursuant to the requirements set out in the Listing Rules. An application will also be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted an unusual increase in price and trading volume of the Shares on 19 June 2020. Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, save and except for the negotiations and discussions among the parties to the 2020 Supplemental Deed in relation to the Proposed Amendments of the terms of the 2015 CB, the 2015 Bonds and the 2016 Bonds, it is not aware of any reasons for such price and trading volume increase or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

THE 2020 SUPPLEMENTAL DEED

References are made to the Previous Announcements.

On 19 June 2020 (after trading hours), the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou, Beijing SkyOcean and the Subscriber entered into the 2020 Supplemental Deed, pursuant to which the parties agreed to, among other things, amend certain terms of (i) the 2015 Subscription Agreement; (ii) the 2015 CB Terms and Conditions; (iii) the 2015 Bonds Terms and Conditions; (iv) the 2016 Subscription Agreement; and (v) the 2016 Bonds Terms and Conditions, with effect from the Effective Date of the 2020 Supplemental Deed.

The Proposed Amendments

The major amendments to (i) the 2015 Subscription Agreement; (ii) the 2015 CB Terms and Conditions; (iii) the 2015 Bonds Terms and Conditions; (iv) the 2016 Subscription Agreement; and (v) the 2016 Bonds Terms and Conditions as amended and/or supplemented pursuant to the 2020 Supplemental Deed are set out in Appendix I to this announcement.

Save for the amendments under the 2020 Supplemental Deed as disclosed in Appendix I to this announcement, all other principal terms of the 2015 Subscription Agreement, the 2015 Bonds Terms and Conditions, the 2015 CB Terms and Conditions, the 2016 Subscription Agreement and the 2016 Bonds Terms and Conditions as disclosed in the Previous Announcements remain unchanged.

Payment of fees

The Company shall pay to the Subscriber the 2015 CB Bonds Extension Fee, the 2015 Bonds Extension Fee, the 2016 Bonds Extension Fee and the Additional Extension Fee on or before the Effective Date of the 2020 Supplemental Deed by wire transfer in immediately available HKD funds to such HKD bank account in Hong Kong or elsewhere as the Subscriber may notify the Company.

Conditions precedent to the Proposed Amendments

The Proposed Amendments will only be effective upon the satisfaction of, among others, the following conditions precedent:–

- (i) the current listing of the Shares shall not have been cancelled or withdrawn;
- (ii) the total net asset value of the Company is at least HK\$2,400,000,000 (as determined by the Subscriber by reference to the most recently published annual or interim financial statements of the Company);
- (iii) the total liabilities of the Company are not more than 75% of the total asset value of the Company (as determined by the Subscriber by reference to the most recently published annual or interim financial statements of the Company);
- (iv) the Company shall not have repaid any portion of the Existing Related Party Loan or entered into any agreement and/or any other instrument or make any commitment under which the Company is obliged to repay the Existing Related Party Loan, to the extent that the principal amount of the Existing Related Party Loan outstanding immediately after any such repayment is or will be less than HK\$370,000,000;
- (v) Mr. Zhou remains a director and the Chairman of the Company;
- (vi) Mr. Zhou, through his direct and indirect shareholding in the Company, remains the controlling shareholder of the Company, directly or indirectly holding no less than 51% of the entire shares issued by the Company on a fully-diluted basis;
- (vii) the Subscriber shall have received the 2015 Bonds Extension Fee, the 2016 Bonds Extension Fee, the 2015 CB Extension Fee and the Additional Extension Fee; and
- (viii) the Stock Exchange having approved the Proposed Amendments in respect of the 2015 Subscription Agreement and the 2015 CB Terms and Conditions pursuant to Rule 28.05 of the Listing Rules and the listing of, and permission to deal in, the Conversion Shares.

As at the date of this announcement, none of the abovementioned conditions precedent have been fulfilled.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Proposed Amendments are considered to constitute a material change to the terms of the 2015 CB and as such, they are regarded as a new arrangement for the Company to issue convertible securities to the Subscriber. Based on the full conversion of the Remaining 2015 CB at the Conversion Price of HK\$7.2482 per Conversion Share, the Company will issue 3,311,166 Conversion Shares to the Subscriber under the 2020 General Mandate. As at the date of this announcement, the Company has not utilised the 2020 General Mandate. Therefore, the unutilised portion of the 2020 General Mandate of 57,098,169 Shares is sufficient to cover the proposed issuance of the Conversion Shares falling to be allotted and issued under the terms of the 2015 CB as amended and/or supplemented by the 2020 Supplemental Deed. Accordingly, the Proposed Amendments are not subject to any shareholders' approval.

REASONS FOR THE PROPOSED AMENDMENTS

Having considered the financial resources and the repayment ability of the Group, the Directors are of the view that the restructuring of the respective terms of the Remaining 2015 CB, the Remaining 2015 Bonds and the Remaining 2016 Bonds is beneficial to the Group by allowing the Group to repay the Remaining 2015 CB, the Remaining 2015 Bonds and the Remaining 2016 Bonds progressively by stages as and when they mature. The payment of the 2015 CB Extension Fee, the 2015 Bonds Extension Fee, the 2016 Bonds Extension Fee and the Additional Extension Fee provides an incentive for the Subscriber to agree to the restructuring of the respective terms of the Remaining 2015 CB, the Remaining 2015 Bonds and the Remaining 2016 Bonds and elicits the Subscriber's continued support towards the Group.

If the 2015 CB Holders exercise their Conversion Rights for the issuance of Conversion Shares, the Company will be able to improve its financial position by capitalising liabilities and to free up its financial resources from the repayment of the Remaining 2015 CB for use as working capital.

In light of the aforesaid, the Directors consider that the terms of the 2020 Supplemental Deed, which were arrived at after arm's length negotiations among the parties to the 2020 Supplemental Deed, are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 285,490,845 Shares in issue. Set out below is the shareholding structure of the Company under various scenarios:

- (i) Assuming full exercise of the Conversion Rights attaching to the 2015 CB but no exercise of the conversion rights attaching to the Existing CB nor other changes in the share capital of the Company

| Shareholders | As at the date of this announcement | | Immediately after full exercise of the Conversion Rights attaching to the 2015 CB | |
|---------------------------------------|--|--------------------------|--|--------------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| SkyOcean Investment (<i>Note 1</i>) | 205,182,287 | 71.87 | 205,182,287 | 71.05 |
| 2015 CB Holders | 1,000,000 | 0.35 | 4,311,166 | 1.49 |
| Other public shareholders | 79,308,558 | 27.78 | 79,308,558 | 27.46 |
| | <u>285,490,845</u> | <u>100.00</u> | <u>288,802,011</u> | <u>100.00</u> |

- (ii) Assuming partial exercise of the conversion rights attaching to the Existing CB and full exercise of the Conversion Rights attaching to the 2015 CB but no other changes in the share capital of the Company

| Shareholders | As at the date of this announcement | | Immediately after partial exercise of the conversion rights attaching to the Existing CB (resulting in the public float falling to 25%) (<i>Note 2</i>) | | Immediately after full exercise of the Conversion Rights attaching to the 2015 CB | |
|---------------------------------------|--|--------------------------|--|--------------------------|---|--------------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| SkyOcean Investment (<i>Note 1</i>) | 205,182,287 | 71.87 | 240,925,674 | 75.00 | 240,925,674 | 74.23 |
| 2015 CB Holders | 1,000,000 | 0.35 | 1,000,000 | 0.31 | 4,311,166 | 1.33 |
| Other public shareholders | 79,308,558 | 27.78 | 79,308,558 | 24.69 | 79,308,558 | 24.44 |
| | <u>285,490,845</u> | <u>100.00</u> | <u>321,234,232</u> | <u>100.00</u> | <u>324,545,398</u> | <u>100.00</u> |

(iii) Assuming full exercise of the conversion rights attaching to the Existing CB and full exercise of the Conversion Rights attaching to the 2015 CB but no other changes in the share capital of the Company

| Shareholders | As at the date of this announcement | | Immediately after full exercise of the conversion rights attaching to the Existing CB (resulting in the public float falling below 25%) (Notes 3 and 4) | | Immediately after full exercise of the Conversion Rights attaching to the 2015 CB (Note 4) | |
|------------------------------|--|------------------|---|------------------|--|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| SkyOcean Investment (Note 1) | 205,182,287 | 71.87 | 288,728,934 | 78.24 | 288,728,934 | 77.54 |
| 2015 CB Holders | 1,000,000 | 0.35 | 1,000,000 | 0.27 | 4,311,166 | 1.16 |
| Other public shareholders | 79,308,558 | 27.78 | 79,308,558 | 21.49 | 79,308,558 | 21.30 |
| | <u>285,490,845</u> | <u>100.00</u> | <u>369,037,492</u> | <u>100.00</u> | <u>372,348,658</u> | <u>100.00</u> |

Notes:

1. As at the date of this announcement, SkyOcean Investment is interested in 205,182,287 Shares.
2. Under the terms of the Existing CB, SkyOcean Investment shall not exercise the conversion rights attaching thereto to the extent that if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or if such conversion will trigger a mandatory general offer under the Hong Kong Code on Takeovers and Mergers. Assuming SkyOcean Investment (a) maintains its interests in 205,182,287 Shares; and (b) exercises the conversion rights attaching to the Existing CB in part to the extent which would result in an additional 35,743,387 Shares to be allotted and issued to it, the public float will fall to 25% (i.e. the minimum public float under the Listing Rules).
3. Assuming SkyOcean Investment (a) maintains its interests in 205,182,287 Shares; and (b) exercises the conversion rights attaching to the Existing CB in full which would result in an additional 83,546,647 Shares to be allotted and issued to it, the public float will fall below 25% (i.e. below the minimum public float requirement under the Listing Rules).
4. The shareholdings are for illustrative purpose only due to the public float requirement under the Listing Rules.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the 2015 CB.

LISTING RULES IMPLICATION

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company will apply to the Stock Exchange for approval of the Proposed Amendments in respect of the 2015 Subscription Agreement and the 2015 CB Terms and Conditions pursuant to the requirements set out in the Listing Rules. An application will also be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted an unusual increase in price and trading volume of the Shares on 19 June 2020. Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, save and except for the negotiations and discussions among the parties to the 2020 Supplemental Deed in relation to the Proposed Amendments of the terms of the 2015 CB, the 2015 Bonds and the 2016 Bonds, it is not aware of any reasons for such price and trading volume increase or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

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| “2015 Bonds” | the HKD denominated bonds in the principal amount of HK\$270,000,000 issued by the Company to the Subscriber pursuant to the 2015 Subscription Agreement |
| “2015 Bonds Extension Fee” | the extension fee in the amount of HK\$2,310,000 payable by the Company to the Subscriber for the Remaining 2015 Bonds |
| “2015 Bonds Terms and Conditions” | the terms and conditions to the 2015 Bonds attached to the certificates issued in respect of the 2015 Bonds (as amended and/or supplemented by a first supplemental deed dated 30 June 2016, a second supplemental deed dated 1 August 2017, a third supplemental deed dated 20 July 2018 and the 2019 Supplemental Deed) |
| “2015 CB” | the RMB denominated convertible bonds in the principal amount of RMB29,520,000 (equivalent to approximately HK\$36,000,000) issued by the Company to the Subscriber pursuant to the 2015 Subscription Agreement |
| “2015 CB Extension Fee” | the extension fee in the amount of HK\$360,000 payable by the Company to the Subscriber for the Remaining 2015 CB |
| “2015 CB Holder(s)” | the holder(s) of the 2015 CB |

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| “2015 CB Terms and Conditions” | the terms and conditions to the 2015 CB attached to the certificates issued in respect of the 2015 CB (as amended and/or supplemented by a first supplemental deed dated 30 June 2016, a second supplemental deed dated 1 August 2017, a third supplemental deed dated 20 July 2018 and the 2019 Supplemental Deed) |
| “2015 Share Charge” | the share charge over 182,903,181 Shares dated 12 November 2015 created by SkyOcean Investment in favour of the Subscriber as amended by a supplemental deed dated 30 June 2016 |
| “2015 Subscription Agreement” | the subscription agreement dated 5 November 2015 and entered into among the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou and the Subscriber in relation to the subscription for the 2015 CB and the 2015 Bonds by the Subscriber (as amended and/or supplemented by a first supplemental deed dated 30 June 2016, a second supplemental deed dated 1 August 2017, a third supplemental deed dated 20 July 2018 and the 2019 Supplemental Deed) |
| “2016 Bonds” | the HKD denominated bonds in the principal amount of HK\$470,000,000 issued by the Company to the Subscriber pursuant to the 2016 Subscription Agreement |
| “2016 Bonds Extension Fee” | the extension fee in the amount of HK\$6,000,000 payable by the Company to the Subscriber for the Remaining 2016 Bonds |
| “2016 Bonds Terms and Conditions” | the terms and conditions to the 2016 Bonds attached to the certificate issued in respect of the 2016 Bonds (as amended and/or supplemented by a first supplemental deed dated 1 August 2017, a second supplemental deed dated 20 July 2018 and the 2019 Supplemental Deed) |

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| “2016 Charge over Existing CB” | the deed of charge over convertible bonds dated 5 July 2016 entered into between the SkyOcean Investment as chargor and the Subscriber as chargee pursuant to which the SkyOcean Investment charged the Existing CB held by it in favour of the Subscriber |
| “2016 Subscription Agreement” | the subscription agreement dated 28 June 2016 and entered into among the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou and the Subscriber in relation to the subscription of the 2016 Bonds (as amended and/or supplemented by a first supplemental deed dated 1 August 2017, a second supplemental deed dated 20 July 2018 and the 2019 Supplemental Deed) |
| “2019 Charge over Existing CB” | the supplemental charge over convertible bonds dated 30 September 2019 entered into between SkyOcean Investment as chargor and the Subscriber as chargee pursuant to which SkyOcean Investment charged the Charged Existing CB held by it in favour of the Subscriber |
| “2019 Corporate Guarantee” | the deed of guarantee entered into between Beijing SkyOcean and the Subscriber on 30 September 2019 |
| “2019 Personal Guarantees” | collectively, (a) the personal guarantee entered into between Mr. Zhou and the Subscriber on 30 September 2019, and (b) the personal guarantee entered into between Ms. Zhou and the Subscriber on 30 September 2019 |
| “2019 PRC Corporate Guarantee” | the guarantee agreement entered into between Beijing SkyOcean and the Subscriber on 30 September 2019 |

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| “2019 PRC Personal Guarantees” | collectively, (a) the personal guarantee agreement entered into between Mr. Zhou and the Subscriber on 30 September 2019, and (b) the personal guarantee agreement entered into between Ms. Zhou and the Subscriber on 30 September 2019 |
| “2019 Share Charge” | the supplemental share charge dated 30 September 2019 entered into between SkyOcean Investment as chargor and the Subscriber as chargee, pursuant to which SkyOcean Investment charged certain Shares held by it in favour of the Subscriber |
| “2019 Supplemental Deed” | a supplemental deed dated 27 August 2019 entered into among the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou, Beijing SkyOcean and the Subscriber for amending certain terms of the 2015 Subscription Agreement, the 2015 Bonds Terms and Conditions, the 2015 CB Terms and Conditions, the 2016 Subscription Agreement and the 2016 Bonds Terms and Conditions |
| “2020 Corporate Guarantee” | the deed of guarantee to be entered into between Beijing SkyOcean and the Subscriber on or prior to the Effective Date of the 2020 Supplemental Deed |
| “2020 General Mandate” | the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2020 |
| “2020 Personal Guarantees” | collectively: (a) the personal guarantee to be entered into between Mr. Zhou and the Subscriber; and (b) the personal guarantee to be entered into between Ms. Zhou and the Subscriber, each on or prior to the Effective Date of the 2020 Supplemental Deed |

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| “2020 PRC Corporate Guarantee” | the guarantee agreement to be entered into between Beijing SkyOcean and the Subscriber on or prior to the Effective Date of the 2020 Supplemental Deed |
| “2020 PRC Personal Guarantees” | collectively: (a) the personal guarantee agreement to be entered into between Mr. Zhou and the Subscriber on or prior to the Effective Date of the 2020 Supplemental Deed, and (b) the personal guarantee agreement to be entered into between Ms. Zhou and the Subscriber on or prior to the Effective Date of the 2020 Supplemental Deed |
| “2020 Supplemental Deed” | a supplemental deed dated 19 June 2020 entered into among the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou, Beijing SkyOcean and the Subscriber for amending certain terms of the 2015 Subscription Agreement, the 2015 Bonds Terms and Conditions, the 2015 CB Terms and Conditions, the 2016 Subscription Agreement and the 2016 Bonds Terms and Conditions |
| “2020 Supplemental Deed to Charge over Existing CB” | a supplemental deed to the 2019 Charge over Existing CB to be entered into between SkyOcean Investment and the Subscriber for amending certain terms of the 2019 Charge over Existing CB |
| “2020 Supplemental Deed to Share Charge” | a supplemental deed to the 2019 Share Charge to be entered into between SkyOcean Investment and the Subscriber for amending certain terms of the 2019 Share Charge |
| “Additional Extension Fee” | the extension fee in the amount of HK\$4,170,396.22 payable by the Company to the Subscriber for facilitating the restructuring of the Remaining 2015 CB, the Remaining 2015 Bonds and the Remaining 2016 Bonds |

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| “AIC” | State Administration for Market Regulation of the PRC (國家市場監督管理總局) |
| “Beijing SkyOcean” | Beijing SkyOcean International Holdings Limited* (北京天洋國際控股有限公司), a company established in the PRC with limited liability, which is beneficially owned as to 80% by Mr. Zhou |
| “Business Day(s)” | a day on which commercial banks in Hong Kong are generally open for business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong |
| “CCBI” | CCB International (Holdings) Limited, a company incorporated in Hong Kong with limited liability which is indirectly and wholly owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (Stock code: 939) and the Shanghai Stock Exchange (Stock code: 601939) |
| “Charged Existing CB” | the Existing CB in the aggregate principal amount of RMB450,000,000, which are charged by SkyOcean Investment in favour of the Subscriber pursuant to the 2016 Charge over Existing CB and the 2019 Charge over Existing CB |
| “Charged Shares” | collectively: (a) 205,182,287 Shares, which are charged by SkyOcean Investment in favour of the Subscriber pursuant to the 2015 Share Charge and the 2019 Share Charge; and (b) one share of Skyleaf (being the entire issued share capital of Skyleaf), which are charged by the Company in favour of the Subscriber pursuant to the Skyleaf Share Charge |

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| “Company” | DreamEast Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 593) |
| “controlling shareholder” | has the meaning ascribed to it in the Listing Rules |
| “Conversion Price” | the price per Share at which the Remaining 2015 CB may be converted into Shares pursuant to the 2015 CB Terms and Conditions, being HK\$7.2482 |
| “Conversion Rights” | the rights of the 2015 CB Holders to convert the whole or any part of the Remaining 2015 CB held by it into Shares |
| “Conversion Shares” | the Shares which may fall to be allotted and issued upon exercise of the Conversion Rights |
| “Director(s)” | the director(s) of the Company |
| “DreamEast Jiangsu” | DreamEast (Jiangsu) Cultural Investment and Development Limited (夢東方(江蘇)文化投資發展有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “DreamEast Sanhe” | DreamEast (Sanhe) Entertainment Limited (夢東方(三河)娛樂有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Effective Date of the 2020 Supplemental Deed” | the date on which the conditions precedent to the Proposed Amendments are satisfied or waived as determined by the Subscriber in its absolute discretion |

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| “Equity Pledge” | the equity pledge agreement dated 30 September 2019 entered into between DreamEast Sanhe as pledger and the Subscriber as pledgee, pursuant to which DreamEast Sanhe pledged its 100% equity interest in DreamEast Jiangsu in favour of the Subscriber |
| “Event of Default” | the event of default of the 2015 CB, the 2015 Bonds and the 2016 Bonds as stipulated in the 2015 CB Terms and Conditions, the 2015 Bonds Terms and Conditions and the 2016 Bonds Terms and Conditions |
| “Existing CB” | the 5-year zero-coupon convertible bonds in the aggregate principal amount of RMB1,500,000,000 issued by the Company to SkyOcean Investment on 24 December 2015 pursuant to the sale and purchase agreement dated 31 March 2015 entered into between the Company and SkyOcean Investment (as the same may be amended, supplemented or otherwise modified from time to time) |
| “Existing Related Party Loan” | the loan in the aggregate outstanding principal amount of HK\$2,660,000,000 owed by the Company to its related party SkyOcean Qian’an |
| “Group” | the Company and its subsidiaries |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Knowledge SV” | Knowledge Silicon Valley Limited (知識硅谷有限公司), a company incorporated in the British Virgin Islands with limited liability and is owned as to 80% by Sheng Bang and 20% by Zhou Shi |

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| “Listing Committee” | the listing sub-committee of the board of directors of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange |
| “Mr. Zhou” | Mr. Zhou Zheng (周政), being the brother of Ms. Zhou, the Chairman, an executive Director and a substantial shareholder of the Company |
| “Ms. Zhou” | Ms. Zhou Jin (周金), being the sister of Mr. Zhou, an executive Director and the chief executive officer of the Company |
| “PRC” | The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan |
| “Previous Announcements” | the announcements of the Company dated 5 November 2015, 28 June 2016, 30 June 2016, 5 July 2016, 1 August 2017, 20 July 2018 and 27 August 2019 in relation to, among other things, the issue of the 2015 CB, the 2015 Bonds and the 2016 Bonds and subsequent amendments to the terms and conditions thereto |

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| “Proposed Amendments” | the amendments to the 2015 Subscription Agreement, 2015 CB Terms and Conditions, the 2015 Bonds Terms and Conditions, the 2016 Subscription Agreement and the 2016 Bonds Terms and Conditions pursuant to the terms of the 2020 Supplemental Deed which take effect from the Effective Date of the 2020 Supplemental Deed |
| “Relevant Trading Day” | any Trading Day (other than the effective date of the 2019 Supplemental Deed) |
| “Remaining 2015 Bonds” | the aggregate outstanding principal amount of the 2015 Bonds of HK\$154,000,000 as at the date of this announcement |
| “Remaining 2015 CB” | the aggregate outstanding principal amount of the 2015 CB of RMB19,680,000 (equivalent to approximately HK\$24,000,000) as at the date of this announcement |
| “Remaining 2016 Bonds” | the aggregate outstanding principal amount of the 2016 Bonds of HK\$400,000,000 as at the date of this announcement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SAFE” | State Administration of Foreign Exchange of the PRC (國家外匯管理局) |
| “Securities Account” | a sub-account opened with CCB International Securities Limited in the name of the Company |
| “Share(s)” | ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |

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| “Sheng Bang” | Sheng Bang Holdings Limited (勝邦控股有限公司), a company incorporated in the British Virgin Islands with limited liability, is a company wholly-owned by Mr. Zhou |
| “Skyleaf” | Skyleaf Holdings Limited (天葉控股有限公司), a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of the Company |
| “Skyleaf Share Charge” | the share charge to be entered into between the Company as chargor and the Subscriber as chargee on or prior to the Effective Date of the 2020 Supplemental Deed pursuant to which the Company will charge the entire issued share capital of Skyleaf owned by it in favour of the Subscriber |
| “SkyOcean Investment” | SkyOcean Investment Holdings Limited (天洋投資控股有限公司), a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of Knowledge SV and a substantial shareholder of the Company |
| “SkyOcean Qian’an” | SkyOcean Real Estate (Qian’an) Co., Ltd.* (天洋地產(遷安)有限公司), a company established in the PRC with limited liability, is beneficially owned as to 80% by Mr. Zhou and 20% by Ms. Zhou |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability, is an indirect wholly-owned subsidiary of CCBI |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |

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| “Total Security Value” | the aggregate of the Total Shares Value and the outstanding principal amount of the Existing CB charged by SkyOcean Investment to the Subscriber from time to time under the 2016 Charge over Existing CB |
| “Total Shares Value” | (a) with respect to the effective date of the 2019 Supplemental Deed, the lower of (i) the closing price per Share on the effective date of the 2019 Supplemental Deed, or (ii) the Volume Weighted Average Price of the Shares for the ten Trading Days immediately preceding the effective date of the 2019 Supplemental Deed, multiplied by the total number of the Shares held in the Securities Account on the effective date of the 2019 Supplemental Deed; and (b) with respect to any Relevant Trading Day, the amount equal to the closing price per Share multiplied by the total number of the Shares held in the Securities Account on such Trading Day |
| “Trading Day” | a day on which trading is conducted on the Main Board of the Stock Exchange in accordance with the Trading Rules of the Stock Exchange other than a day on which both the morning and the afternoon trading sessions or either of them is cancelled owing to a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal being in force in Hong Kong |
| “Volume Weighted Average Price” | on or during any Trading Day, the per Share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on the relevant Bloomberg screen page (or any successor thereto) (or if such volume-weighted average price is unavailable, the market value of one Share on such Trading Day, as determined by an approved investment bank using a volume-weighted method) |

| | |
|--------------|---|
| “Warrantors” | collectively the Company, SkyOcean Investment, Knowledge SV, Sheng Bang, Zhou Shi, Mr. Zhou, Ms. Zhou and Beijing SkyOcean |
| “Zhou Shi” | ZhouShi Holdings Limited (周氏控股有限公司), a company incorporated in the British Virgin Islands with limited liability, is a company wholly-owned by Ms. Zhou |

By order of the Board of
DreamEast Group Limited
Zhou Zheng
Chairman and Executive Director

Hong Kong, 19 June 2020

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.82. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises Mr. Zhou Zheng (Chairman), Ms. Zhou Jin (Chief Executive Officer) and Mr. Yang Lei being the executive Directors, and Dr. Chen Guanglei, Dr. Meng Xiaosu, Mr. Yang Buting and Mr. Zhao Daxin being the independent non-executive Directors.

* *For identification purposes only*

Appendix I

Major amendments to (i) the 2015 Subscription Agreement; (ii) the 2015 CB Terms and Conditions; (iii) the 2015 Bonds Terms and Conditions; (iv) the 2016 Subscription Agreement; and (v) the 2016 Bonds Terms and Conditions as amended and/or supplemented pursuant to the 2020 Supplemental Deed

| | Before the Proposed Amendments | After the Proposed Amendments |
|--|---|---|
| Maturity date of the Remaining 2015 CB: | 30 June 2020 | 30 June 2021 |
| Maturity date of the Remaining 2015 Bonds: | 30 June 2020 | (i) 31 July 2020 for the principal amount of HK\$30,000,000; (ii) 31 December 2020 for the principal amount of HK\$100,000,000; and (iii) 30 June 2021 for the principal amount of HK\$24,000,000. |
| Maturity date of the Remaining 2016 Bonds: | 30 June 2020 | 30 June 2021 |
| Security for the Remaining 2015 CB, the Remaining 2015 Bonds and the Remaining 2016 Bonds: | (i) the 2019 PRC Corporate Guarantee; (ii) the 2019 PRC Personal Guarantees; (iii) the 2019 Corporate Guarantee; (iv) the 2019 Personal Guarantees; (v) the 2015 Share Charge; (vi) the 2016 Charge over Existing CB; (vii) the 2019 Charge over Existing CB; (viii) the 2019 Share Charge; and (ix) the Equity Pledge. | (i) the 2020 PRC Corporate Guarantee; (ii) the 2020 PRC Personal Guarantees; (iii) the 2020 Corporate Guarantee; (iv) the 2020 Personal Guarantees; (v) the 2015 Share Charge; (vi) the 2016 Charge over Existing CB; (vii) the 2019 Charge over Existing CB (as amended by the 2020 Supplemental Deed to Charge over Existing CB); (viii) the 2019 Share Charge (as amended by the 2020 Supplemental Deed to Share Charge); (ix) the Equity Pledge; and (x) the Skyleaf Share Charge. |

(Notes 1 and 2)

| | Before the Proposed Amendments | After the Proposed Amendments |
|--|---|--|
| Total Security Value and mandatory early redemption: | <p>If, on any Relevant Trading Day, the Total Security Value is less than 2.5 times of the aggregate outstanding principal amount of the 2015 CB, the 2015 Bonds and the 2016 Bonds:</p> <p>(a) SkyOcean Investment shall, and the Warrantors (other than the Company) shall procure SkyOcean Investment to, within five Business Days from the Relevant Trading Day, deposit additional number of Shares into the Securities Account, such that, immediately after compliance with the provision of this clause in relation to the Total Security Value and mandatory early redemption in the 2019 Supplemental Deed, the Total Security Value shall not be lower than three times of the aggregate outstanding principal amount of the 2015 CB, the 2015 Bonds and the 2016 Bonds; or</p> <p>(b) the Company shall, within five Business Days from the Relevant Trading Day, redeem such portion of the outstanding principal amount of the 2015 CB, the 2015 Bonds and/or the 2016 Bonds such that after such redemption, the Total Security Value shall not be lower than three times of the aggregate outstanding principal amount of the 2015 CB, the 2015 Bonds and the 2016 Bonds immediately after such redemption, in accordance with the 2015 CB Terms and Conditions, the 2015 Bonds Terms and Conditions and/or the 2016 Bonds Terms and Conditions.</p> | <p>The mandatory early redemption mechanism with reference to the Total Security Value is removed in its entirety.</p> <p>None of the Charged Shares, Charged Existing CB or the Equity Pledge shall be discharged and/or released unless the 2015 CB, the 2015 Bonds and the 2016 Bonds are fully redeemed in accordance the their respective terms and conditions, except that the Equity Pledge may be released subject to the completion of the disposal of DreamEast Jiangsu as elaborated below.</p> <p>In the event that DreamEast Jiangsu is disposed of, directly or indirectly, by DreamEast Sanhe to a third party before the 2015 CB, the 2015 Bonds and the 2016 Bonds are fully redeemed, the Company shall, and the Warrantors shall cause and/or procure the Company and/or DreamEast Sanhe to immediately apply the proceeds from the disposal for redeeming the then outstanding 2015 CB, the 2015 Bonds and the 2016 Bonds in such manner as determined by the Subscriber in accordance with the 2020 Supplemental Deed. The Subscriber shall take all reasonable steps to release the Equity Pledge on the date of completion of the disposal of DreamEast Jiangsu for facilitating the disposal of DreamEast Jiangsu.</p> |

**Before the
Proposed Amendments**

If, on any Trading Day, the Total Security Value exceeds four times of the aggregate outstanding principal amount of the 2015 CB, the 2015 Bonds and the 2016 Bonds, the Company may require the Subscriber to partially release and discharge such number of Shares from the security created under the 2015 Share Charge and the 2019 Share Charge, so that immediately after such release and discharge the Total Security Value shall not be lower than four times of the aggregate outstanding principal amount of the 2015 CB, the 2015 Bonds and the 2016 Bonds.

After the Proposed Amendments

The Company shall provide the Subscriber with (i) a copy true copy of the sale and purchase agreement in respect of the disposal of DreamEast Jiangsu at least ten Business Days prior to such date of completion, and (ii) the full payment of the proceeds from the disposal by depositing such proceeds into an account designated by the Subscriber prior to such date of completion. In the event that the disposal of DreamEast Jiangsu fails to be completed (for whatever reason) on the proposed date of completion as contemplated under the relevant sale and purchase agreement (or such later date as agreed by the Subscriber), the Company shall forthwith notify the Subscriber in writing of such failure, and in such event, all actions already taken by the Subscriber in connection with the release of the Equity Pledge shall have no effect and be deemed null and void (where applicable), and the Company shall, and shall procure DreamEast Sanhe and/or DreamEast Jiangsu to, take such actions as may be required by the Subscriber to undo and unwind any action already taken in connection with the release of the Equity Pledge such that the Equity Pledge shall remain in full force and effect. Any failure by any Warrantor or DreamEast Sanhe to comply with the above obligations shall be deemed as an Event of Default.

Notes:

1. The 2019 PRC Corporate Guarantee, the 2019 PRC Personal Guarantees, the 2019 Corporate Guarantee and the 2019 Personal Guarantees would be terminated with effect from the dates of, and superseded by, the 2020 PRC Corporate Guarantee, the 2020 PRC Personal Guarantees, the 2020 Corporate Guarantee and the 2020 Personal Guarantees, respectively.
2. The Warrantors shall cause and/or procure that the 2020 PRC Corporate Guarantee, the 2020 PRC Personal Guarantees, the 2020 Corporate Guarantee, the 2020 Personal Guarantees and the Equity Pledge are submitted to SAFE or its competent local counterpart for registration and filing, and provide the registration record to the Subscriber within 90 days after the date of the 2020 Supplemental Deed. The Warrantors shall also cause and/or procure DreamEast Sanhe to submit the Equity Pledge to the AIC or its competent local counterpart for registration and filing, and provide the registration record to the Subscriber within 90 days after the date of the 2020 Supplemental Deed.