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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)

CONTINUING CONNECTED TRANSACTIONS

PROPERTY MANAGEMENT SERVICES AGREEMENTS

On 19 July 2018, the respective DreamEast Group Companies and the Property Management Services Providers entered into the Property Management Services Agreements, whereby the Property Management Services Providers shall provide the Property Management Services to the respective DreamEast Group Companies for a period of two years from 1 August 2018 to 31 July 2020.

LISTING RULES IMPLICATIONS

As the DreamEast Group Companies are indirect wholly-owned subsidiaries of the Company, the Property Management Services Agreements entered into by the DreamEast Group Companies shall be transactions for the Company under the Listing Rules as the definition of “listed issuer” under the Listing Rules includes the listed issuer’s subsidiaries.

As at the date of this announcement, (i) Jiashan Property Management is indirectly owned as to 64% by Mr. Zhou, who is a Substantial Shareholder, the chairman, chief executive officer and an executive Director of the Company; and (ii) Hunan Property Management is indirectly owned as to 64% by Mr. Zhou. Therefore, each of Jiashan Property Management and Hunan Property Management is regarded as a connected person of the Company under the Listing Rules. As a result, the entering of the Property Management Services Agreements constitute continuing connected transactions of the Company under the Listing Rules.

As the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Property Management Services payable by the Group to the Property Management Services Providers under the Property Management Services Agreements exceed 0.1% but are below 5%, the transactions contemplated thereunder and the relevant annual caps are subject to reporting, announcement and annual review but are exempt from independent shareholders' approval requirements under the Listing Rules.

PROPERTY MANAGEMENT SERVICES AGREEMENTS

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The major terms of the Property Management Services Agreements are as follows:

Date: 19 July 2018

Parties: Party A:

- (i) DreamEast Jiaxing; or
- (ii) Hunan DreamEast, as the case may be, each being a Party A under the respective Property Management Services Agreement

Party B:

- (i) Jiashan Property Management; or
- (ii) Hunan Property Management, as the case may be, each being a Party B under the respective Property Management Services Agreement

Term: Two years commencing on 1 August 2018 and expiring on 31 July 2020

Services: the Property Management Services Providers shall provide the Property Management Services to the respective DreamEast Group Companies.

Management fees: The management fees will be payable by the Group on a monthly basis having regard to the personnel required for the provision of the Property Management Services and quality of the Property Management Services. The amount of management fees is determined after arm's length negotiations between the parties.

Annual cap and basis of determining the same: In determining the annual caps, the Directors have taken into consideration the existing scale of the Group's operations, the anticipated business growth of the Group, the anticipated increase in the cost of the Property Management Services Providers in providing the Property Management Services, and having done so, for each of the three years ending on 31 December 2020, the annual caps payable by the Group in respect of the Property Management Services under the Property Management Services Agreements are RMB4,917,000 (equivalent to approximately HK\$5,754,000), RMB11,800,000 (equivalent to approximately HK\$13,810,000) and RMB6,883,000 (equivalent to approximately HK\$8,055,000), respectively.

Reasons for and benefits of the transaction: the Property Management Services Providers are principally engaged in the provision of property management services. The Board considers that the Group's business will be improved by the provision of quality services by the Property Management Services Providers.

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The Directors (including the independent non-executive Directors) are of the view that the terms of the Property Management Services Agreements (including the respective annual caps) were entered into after arm's length negotiations and reflect normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mr. Zhou (being the Substantial Shareholder, the chairman, chief executive officer and an executive Director of the Company), owns 64% and 64% of the shareholding interest of Jiashan Property Management and Hunan Property Management, respectively. As such, Mr. Zhou is deemed to be interested in the Property Management Services Agreements, and has abstained from voting on the relevant board resolutions of the Company. Apart from the above, none of the Directors has any material interest in the Property Management Services Agreements and is required to abstain from voting on the board resolutions approving the Property Management Services Agreements and the transactions contemplated thereunder.

INFORMATION ON THE GROUP, JIASHAN PROPERTY MANAGEMENT AND HUNAN PROPERTY MANAGEMENT

The Group

The Company is an investment holding company incorporated in Bermuda with limited liability and listed on the Main Board. The Group is principally engaged in the operation of tourist resorts and theme parks under the brand name of “DreamEast”, as well as property development.

Jiashan Property Management

Jiashan Property Management is a company incorporated in the PRC with limited liability and is indirectly owned as to 64% by Mr. Zhou. It is principally engaged in the business of provision of property management services.

Hunan Property Management

Hunan Property Management is a company incorporated in the PRC with limited liability and is indirectly owned as to 64% by Mr. Zhou. It is principally engaged in the business of provision of property management services.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	DreamEast Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board (stock code: 593)
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DreamEast Group Company(ies)”	collectively, (i) DreamEast Jiaxing; and (ii) Hunan DreamEast, which are indirect wholly-owned subsidiaries of the Company, and each a DreamEast Group Company
“DreamEast Jiaxing”	DreamEast (Jiaxing) Cultural Investment Company Limited* (夢東方(嘉興)文化投資有限公司), a company incorporated in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan DreamEast”	Hunan DreamEast Culture Development Company Limited* (湖南夢東方文化發展有限公司), a company incorporated in the PRC with limited liability which is an indirect wholly-owned subsidiary of the Company

“Hunan Property Management”	Hunan Tianrong Property Management Services Company Limited* (湖南天融物業服務有限公司), a company incorporated in the PRC with limited liability which is indirectly owned as to 64% by Mr. Zhou
“Jiashan Property Management”	Jiashan Tianrong Property Management Services Company Limited* (嘉善天融物業服務有限公司), a company incorporated in the PRC with limited liability which is indirectly owned as to 64% by Mr. Zhou
“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, a Substantial Shareholder, the chairman, chief executive officer and an executive Director of the Company
“percentage ratio(s)”	has the meanings ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Property Management Services”	the planning and provision of property management services (including but not limited to security, maintenance, cleaning and carpark management) provided by the Property Management Services Providers to the DreamEast Group Companies as stipulated in the Property Management Services Agreements

“Property Management Services Agreements”	the agreements dated 19 July 2018 entered into between the DreamEast Group Companies and the Property Management Services Providers for the provision of Property Management Services by the Property Management Services Providers to the DreamEast Group Companies
“Property Management Services Providers”	Jiashan Property Management and Hunan Property Management
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	having the meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
DREAMEAST GROUP LIMITED
Sze Wing Kin, Pierre
Company Secretary

Hong Kong, 19 July 2018

As at the date of this announcement, the Board comprises Mr. Zhou Zheng (Chairman and Chief Executive Officer), Mr. Lam Yu Yee, Benjamin (Vice Chairman) and Mr. Yang Lei being the executive Directors, and Mr. Li Chak Hung, Dr. Meng Xiaosu, Mr. Yang Buting and Mr. Zhao Daxin being the independent non-executive Directors.

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 RMB1.00 equal to HK\$1.1703. 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.

* *For identification purposes only*