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China Ecotourism Group Limited

中國生態旅遊集團有限公司

(formerly known as China LotSynergy Holdings Limited 華彩控股有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1371)

PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF CONVERTIBLE BONDS

BONDHOLDER LETTER AGREEMENT

The Board announces that on 27 April 2021, the Company and the Bondholder entered into the Bondholder Letter Agreement, whereby the Company and the Bondholder have conditionally agreed to further amend certain terms and conditions of the New Option 1 Bonds, including the maturity date and the repayment schedule. Save for the Proposed Amendments, some minor clarifications to certain provisions of the New Option 1 Bonds and the corresponding necessary contextual changes to the Trust Deed pursuant to the Bondholder Letter Agreement, all other terms and conditions of the New Option 1 Bonds shall remain in full force and effect.

Pursuant to the Bondholder Letter Agreement, the Bondholder, as the sole holder of 100% of the Principal Amount Outstanding of the New Option 1 Bonds, shall instruct the Trustee to concur in the Proposed Amendments and execute the Fourth Supplemental Trust Deed. The Proposed Amendments shall become effective upon the entering of the Fourth Supplemental Trust Deed, which in turn is subject to and conditional upon (i) the Stock Exchange granting the approval for the Proposed Amendments as required under Rule 28.05 of the Listing Rules; and (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Conversion Shares.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

As at the date of this announcement and since the date of issue of the New Option 1 Bonds, no Conversion Shares have been issued. Based on the Conversion Price and assuming full conversion of the New Option 1 Bonds, an aggregate of 74,290,000 Conversion Shares will be issued by the Company, representing approximately 7.22% of the issued share capital of the Company as at the date of this announcement, and approximately 6.73% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the New Option 1 Bonds (assuming there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the New Option 1 Bonds). The Conversion Shares will be issued pursuant to the 2020 General Mandate.

APPLICATION FOR LISTING

A new application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the New Option 1 Bonds.

IMPLICATIONS UNDER THE LISTING RULES

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 has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to the requirements under the Listing Rules.

Shareholders and potential investors of the Company should be aware that the Proposed Amendments are subject to the fulfilment of the conditions precedent and the entering of the Fourth Supplemental Trust Deed, and therefore the Proposed Amendments may or may not take effect. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and the securities of the Company.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 28.05 of the Listing Rules. Reference is made to the announcements of the Company dated 10 March 2017, 16 March 2017, 24 March 2017, 7 April 2017, 7 November 2017, 26 April 2018, 22 March 2019, 28 March 2019, 1 November 2019, 4 November 2019, 23 April 2020 and 28 April 2020 relating to the New Option 1 Bonds.

The Board announces that on 27 April 2021, the Company and the Bondholder entered into the Bondholder Letter Agreement, whereby the Company and the Bondholder have conditionally agreed to further amend certain terms and conditions of the New Option 1 Bonds. Pursuant to the Bondholder Letter Agreement, the Bondholder, as the sole holder of 100% of the Principal Amount Outstanding of the New Option 1 Bonds, shall instruct the Trustee to concur in the Proposed Amendments and execute the Fourth Supplemental Trust

Deed. Subject to fulfillment of the conditions precedent set out below, the Proposed Amendments will be effected by the Company and the Trustee entering into the Fourth Supplemental Trust Deed.

BONDHOLDER LETTER AGREEMENT

Set out below are the principal terms of the Bondholder Letter Agreement.

Date: 27 April 2021

Parties: (i) the Company as the issuer

(ii) the Bondholder as the holder of the New Option 1 Bonds, namely BFAM Asian Opportunities Master Fund, LP

BFAM Asian Opportunities Master Fund, LP is a limited partnership acting through its general partner, BFAM Asian Opportunities Master GP Limited. Limited partners of BFAM Asian Opportunities Master Fund, LP are BFAM Asian Opportunities Fund, LP and BFAM Asian Opportunities Fund Limited, each of which is a feeder fund. The Bondholder has confirmed to the Company that, as at the date of this announcement, each of the investors of the feeder funds is an independent third party of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bondholder and its ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

Proposed Amendments

	Original terms (as supplemented and amended by the First Supplemental Trust Deed, the Second Supplemental Trust Deed and the Third Supplemental Trust Deed)	Proposed Amendments
Maturity date:	7 November 2021	7 November 2022
Repayment date:	Repayment in three instalments: 15%, 15% and 70% of the Principal Amount Outstanding as at the Third Amendment Date (or, if lower, such amount as would result in the Principal Amount Outstanding being reduced to zero) on 7 November 2020, 7 May 2021, and the maturity date (i.e. 7 November 2021) respectively	Repayment in four remaining instalments (<i>Note</i>): 15%, 15%, 15% and 40% of the Principal Amount Outstanding as at the Third Amendment Date (or, if lower, such amount as would result in the Principal Amount Outstanding being reduced to zero) on 31 July 2021, 7 November 2021, 7 May 2022 and the maturity date (i.e. 7 November 2022) respectively

Note: Pursuant to the original terms (as supplemented and amended by the First Supplemental Trust Deed, the Second Supplemental Trust Deed and the Third Supplemental Trust Deed) of the New Option 1 Bonds, 15% of the Principal Amount Outstanding as at the Third Amendment Date has been repaid on 7 November 2020.

The Fourth Supplemental Trust Deed, when executed, will also record the following for the purpose of clarifying certain provisions of the New Option 1 Bonds:

- (i) the Conversion Price had been adjusted to HK\$2.00 with effect from 14 June 2019 (please refer to the announcement of the Company dated 13 June 2019 for details); and
- (ii) in order to be able to calculate the adjustment to the Conversion Price in the case of a non-fully-underwritten rights issues of Shares or options over Shares, the effective date for adjustment should be the date of issue of the Shares or the date of issue or grant of the relevant options, warrants or rights (instead of the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, if a record date is set, as the actual number of Shares, options, warrants or rights to be issued or granted cannot be ascertained at such time).

Save for the Proposed Amendments, the abovementioned minor clarifications to certain provisions of the New Option 1 Bonds and the corresponding necessary contextual changes to the Trust Deed pursuant to the Bondholder Letter Agreement, all other terms and conditions of the New Option 1 Bonds shall remain in full force and effect.

Conditions Precedent

The Proposed Amendments shall become effective upon the entering of the Fourth Supplemental Trust Deed, which in turn is subject to and conditional upon (i) the Stock Exchange granting the approval for the Proposed Amendments as required under Rule 28.05 of the Listing Rules; and (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Conversion Shares.

If the conditions precedent set out above are not fulfilled on or before 7 May 2021 (or such later date as may be mutually agreed between the Company and the Bondholder and communicated in writing to the Trustee), the Bondholder Letter Agreement shall terminate and the Fourth Supplemental Trust Deed will not be entered into and the Proposed Amendments will not take effect.

Conversion Price

The Conversion Price of HK\$2.00 per Conversion Share represents:

- (i) a premium of approximately 1,450.39% over the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on 27 April 2021, being the date of this announcement;
- (ii) a premium of approximately 1,474.80% over the average closing price of approximately HK\$0.127 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of this announcement; and

- (iii) a premium of approximately 1,500% over the average closing price of approximately HK\$0.125 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the date of this announcement.

REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS

The Group is engaged in the provision of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market. The principal businesses of the Group cover various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery, and the Group continues to explore and develop other potential businesses, including natural and healthy food business, trading business and ecotourism business.

As there are several impending repayment obligations which the Company is required to satisfy in the near future, the Company considers that it is in the interests of the Group to restructure the repayment schedule under the New Option 1 Bonds.

In view of the above, the Directors consider that the Proposed Amendments are fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

As at the date of this announcement and since the date of issue of the New Option 1 Bonds, no Conversion Shares have been issued.

Based on the Conversion Price and assuming full conversion of the New Option 1 Bonds, an aggregate of 74,290,000 Conversion Shares will be issued by the Company, representing approximately 7.22% of the issued share capital of the Company as at the date of this announcement, and approximately 6.73% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the New Option 1 Bonds (assuming there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the New Option 1 Bonds).

The Conversion Shares will be issued pursuant to the 2020 General Mandate. As at the date of this announcement, the 2020 General Mandate has not been utilized. The issue of the 74,290,000 Conversion Shares under the New Option 1 Bonds will utilize approximately 36.08% of the 2020 General Mandate.

The issue of the Conversion Shares upon conversion of the New Option 1 Bonds is not subject to Shareholders' approval.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose, assuming there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the New Option 1 Bonds, the table below sets forth the shareholding structure of the Company (1) as at the date of this announcement; and (2) upon full conversion of the New Option 1 Bonds at the Conversion Price:

Shareholders	As at the date of this announcement		Immediately after full conversion of the New Option 1 Bonds at the Conversion Price	
	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company
Ms. LAU Ting (<i>Note 1</i>)	91,509,437	8.89	91,509,437	8.29
Hang Sing Overseas Limited (<i>Note 2</i>)	7,505,287	0.73	7,505,287	0.68
Strong Purpose Corporation (<i>Note 3</i>)	13,773,554	1.34	13,773,554	1.25
Glory Add Limited (<i>Note 4</i>)	51,249,259	4.98	51,249,259	4.64
Mr. CHAN Shing (<i>Note 5</i>)	24,248,642	2.36	24,248,642	2.20
Non-public Shareholders (<i>Note 6</i>)	29,116,000	2.83	29,116,000	2.64
Bondholder	0	0	74,290,000	6.73
Other Public Shareholders	<u>812,078,554</u>	<u>78.88</u>	<u>812,078,554</u>	<u>73.57</u>
Total	<u>1,029,480,733</u>	<u>100</u>	<u>1,103,770,733</u>	<u>100</u>

Notes:

1. As at the date of this announcement, Ms. Lau Ting, as beneficial owner, together with entities controlled by her, namely, (i) Hang Sing Overseas Limited; (ii) Strong Purpose Corporation; and (iii) Glory Add Limited, was interested in a total of 164,037,537 Shares, the details of which are set out in the table above and notes 2 to 4 below.
2. As at the date of this announcement, Hang Sing Overseas Limited was wholly owned by Orient Strength Limited, which was wholly owned by Ms. Lau Ting. Ms. Lau Ting is therefore deemed to be interested in the Shares held by Hang Sing Overseas Limited under the SFO.
3. As at the date of this announcement, Strong Purpose Corporation was wholly owned by Ms. Lau Ting and Mr. Chan Shing. Each of Ms. Lau Ting and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Strong Purpose Corporation under the SFO.

4. *As at the date of this announcement, Glory Add Limited was wholly owned by Favor King Limited, which was wholly owned by Ms. Lau Ting and Mr. Chan Shing. Each of Ms. Lau Ting and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Glory Add Limited under the SFO.*
5. *As at the date of this announcement, Mr. Chan Shing, as beneficial owner, together with entities controlled by him, namely, (i) Strong Purpose Corporation and (ii) Glory Add Limited, was interested in a total of 89,271,455 Shares, the details of which are set out in the table above and notes 3 and 4 above.*
6. *The Shares held by non-public Shareholders consist of the Shares held by Directors.*

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

On 16 February 2021, the Company announced that it proposes to conduct a rights issue of Shares and a placing of new Shares under specific mandate. Such rights issue and placing are expected to be launched on or around 21 May 2021 after, among others, shareholders' approval of the Company having been obtained. Please refer to the announcement of the Company dated 16 February 2021 and the circular of the Company dated 14 April 2021 for details.

Save for the proposed rights issue of Shares and placing of new Shares as abovementioned and the amendments to certain terms and conditions of the New Option 1 Bonds on 28 April 2020 under the Third Supplemental Trust Deed, the Company had not carried out any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

APPLICATION FOR LISTING

A new application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the New Option 1 Bonds.

IMPLICATIONS UNDER THE LISTING RULES

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 has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to the requirements under the Listing Rules.

Further announcement(s) in relation to the Proposed Amendments will be made by the Company as and when appropriate in compliance with the Listing Rules.

Shareholders and potential investors of the Company should be aware that the Proposed Amendments are subject to the fulfilment of the conditions precedent and the entering of the Fourth Supplemental Trust Deed, and therefore the Proposed Amendments may or may not take effect. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2020 General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 August 2020 to issue up to a maximum of 205,896,146 Shares
“Board”	the board of Directors
“Bondholder”	holder of the New Option 1 Bonds, representing 100% of the Principal Amount Outstanding of the New Option 1 Bonds as at the date of this announcement, namely BFAM Asian Opportunities Master Fund, LP
“Bondholder Letter Agreement”	the letter agreement entered into between the Company and the Bondholder on 27 April 2021 in relation to the Proposed Amendments
“Company”	China Ecotourism Group Limited (formerly known as China LotSynergy Holdings Limited), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange with stock code 1371
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$2.00 per Conversion Share subject to adjustment in the manner provided in the Trust Deed
“Conversion Shares”	Shares to be issued by the Company upon conversion of the New Option 1 Bonds under the 2020 General Mandate
“Director(s)”	director(s) of the Company
“First Supplemental Trust Deed”	the supplemental trust deed entered into between the Company and the Trustee dated 28 March 2019 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds
“Fourth Supplemental Trust Deed”	a fourth supplemental trust deed to be entered into between the Company and the Trustee to give effect to the Proposed Amendments
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Option 1 Bonds”	the Hong Kong dollar denominated unsecured convertible bonds issued by the Company on 7 April 2017, with a Principal Amount Outstanding of HK\$148,580,000 as at the date of this announcement, as amended from time to time
“PRC”	the People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Principal Amount Outstanding”	the outstanding principal amount of the New Option 1 Bonds from time to time
“Principal Amount Outstanding as at the Third Amendment Date”	the Principal Amount Outstanding of the New Option 1 Bonds as at 28 April 2020, being HK\$174,800,000
“Proposed Amendments”	the proposed amendments to the terms and conditions of the New Option 1 Bonds as conditionally agreed between the Company and the Bondholder under the Bondholder Letter Agreement, as further described in the paragraph headed “Proposed Amendments” under the section headed “Bondholder Letter Agreement” in this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Second Supplemental Trust Deed”	the second supplemental trust deed entered into between the Company and the Trustee dated 4 November 2019 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds
“Third Supplemental Trust Deed”	the third supplemental trust deed entered into between the Company and the Trustee dated 28 April 2020 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds

“Trust Deed”	the trust deed entered into between the Company and the Trustee dated 7 April 2017, pursuant to which the New Option 1 Bonds were constituted, as amended and supplemented from time to time (including the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed)
“Trustee”	DB Trustees (Hong Kong) Limited
“%”	per cent.

By order of the Board
China Ecotourism Group Limited
CHAN Tan Na, Donna
Chairperson of the Board

Hong Kong, 27 April 2021

As at the date of this announcement, the Board comprises Ms. CHAN Tan Na, Donna, Mr. WU Jingwei, Mr. LI Zi Kui and Ms. ZHU Xinxin as Executive Directors; and Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. CUI Shuming as Independent Non-Executive Directors.

Certain figures included in this announcement have been rounded to the nearest integer or to two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

* *For identification purposes only*