

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker or registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Ecotourism Group Limited (formerly known as China LotSynergy Holdings Limited), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "15. Documents Delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission take no responsibility for the contents of any of the Prospectus Documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. You should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or holding the Shares on behalf of persons with such addresses and Beneficial Owners who are residents outside Hong Kong are referred to the important information set out in the section headed "Notices" and the section headed "Non-Qualifying Shareholders" in the "Letter from the Board" in this Prospectus. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in their nil-paid and fully-paid forms or to take up any entitlements to the Rights Shares in their nil-paid and fully-paid forms in any jurisdiction in which such an offer or solicitation is unlawful.

The securities described herein have not been registered under the U.S. Securities Act or the laws of any state in the United States and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable laws of any state in the United States. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States. Neither the Prospectus Documents nor any copy hereof may be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, directly or indirectly, to persons within the United States, and may not be relied upon as a basis for any investment decision or for any other purpose by any person within the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. This Prospectus and/or the other Prospectus Documents do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out in this Prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in, any jurisdictions outside Hong Kong. This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



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)

RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company

六福金融
LUKFOOK FINANCIAL

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of the conditions referred to in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. Pursuant to the Company's constitutional document, the Companies Act 1981 of Bermuda, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue.

Shareholders should note that the Shares have been dealt on an ex-rights basis from 12 May 2021. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 25 May 2021 to Tuesday, 1 June 2021. Any persons contemplating dealings in the Shares prior to the date on which all conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Thursday, 10 June 2021, and any dealings in the Rights Shares in the nil-paid form between Tuesday, 25 May 2021 to Tuesday, 1 June 2021 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Share or nil-paid Rights Shares are recommended to consult their own professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Friday, 4 June 2021. The procedure for acceptance and payment for or transfer of the Rights Shares is set out in the section headed "Procedures for Acceptance or Transfer" in the "Letter from the Board" in this Prospectus.

* For identification purposes only

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The Shares have been dealt in on an ex-rights basis from 12 May 2021 and the nil-paid Rights Shares are expected to be dealt from 9:00 a.m. on Tuesday, 25 May 2021 to 4:00 p.m. on Tuesday, 1 June 2021 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled.

Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 4:00 p.m. on Thursday, 10 June 2021, and any persons dealing in the nil-paid Rights Shares from 9:00 a.m. on Tuesday, 25 May 2021 to 4:00 p.m. on Tuesday, 1 June 2021 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed and should exercise caution.

Any Shareholder or other person who is in any doubt about his/her/its position is recommended to consult his or her own professional adviser.

DISTRIBUTION OF THIS PROSPECTUS AND OTHER PROSPECTUS DOCUMENTS

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares in both their nil-paid and fully-paid forms or to take up any entitlements to the Rights Shares in both their nil-paid and fully-paid forms in any jurisdiction in which such an offer or solicitation is unlawful. Persons (including, without limitation, agents, custodians, nominees and trustees) who obtain a copy of the Prospectus Documents should inform themselves of and observe any such restriction. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE EXCLUDED JURISDICTION. None of the Rights Shares in both their nil-paid and fully-paid forms, this Prospectus, the PAL and the EAF will be registered under the securities laws of the Excluded Jurisdiction and none of the Rights Shares in both their nil-paid and fully-paid forms, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of the Excluded Jurisdiction (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both their nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within the Excluded Jurisdiction absent registration or qualification under the respective securities laws of the Excluded Jurisdiction or exemption from the registration or qualification requirement under applicable rules of the Excluded Jurisdiction.

Shareholders with registered addresses in the Excluded Jurisdiction should refer to the section headed “Non-Qualifying Shareholders” in the “Letter from the Board” in this Prospectus.

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It is the responsibility of any person (including but not limited to any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

The Company reserves the right to refuse to permit any Shareholder to take up his/her/its nil-paid Rights Shares or apply for excess Rights Shares where it believes that doing so would violate the Listing Rules or any applicable securities legislation or other laws or regulations of any jurisdiction.

NOTICE TO INVESTORS IN AUSTRALIA

The offer of Rights Shares under this Prospectus does not require disclosure for the purposes of section 706 of the Australian Corporations Act 2001 (Cth) (“**Corporations Act**”). This Prospectus does not constitute a prospectus, product disclosure statement or any other disclosure document for the purposes of the Corporations Act and does not purport to include the information required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act. The contents of this Prospectus have not been reviewed, approved or registered by the Australian Securities and Investments Commission (“**ASIC**”) or any other regulatory authority in Australia. Australian resident Shareholders should note that the Company is not licensed to provide financial product advice in relation to the Rights Shares offered under this Prospectus, and this Prospectus does not constitute financial product advice. Shareholders should contact their professional advisers if they have any questions about this Prospectus.

As any offer of Rights Shares under this Prospectus, any supplement accompanying this Prospectus or any other document will be made without disclosure in Australia under Chapter 6D and Part 7.9 of the Corporations Act, the offer of those Rights Shares or resale in Australia within 12 months after their issue may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Rights Shares, each purchaser or subscriber of Rights Shares undertakes to the Company that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Rights Shares, offer, transfer, assign or otherwise alienate those securities, or grant, issue or transfer interests in or options over them, to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

NOTICE TO INVESTORS IN INDIA

This Prospectus is intended solely for the information of the addressee(s) or person(s) in India to whom it is delivered, is strictly confidential and is not intended for distribution or circulation to any other person. This Prospectus is neither a prospectus nor a statement in lieu of the prospectus under Indian law. This Prospectus does not constitute an offer or an

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invitation to the existing shareholders to subscribe to the securities proposed to be issued by the Company. This Prospectus not being a prospectus is not and shall not be registered with any authority in India.

NOTICE TO INVESTORS IN THE PRC

None of the Prospectus Documents constitutes a public offer of the Rights Shares in both their nil-paid and fully-paid forms, whether by way of sale or subscription, in the PRC. According to relevant PRC laws and regulations, the Rights Shares in both their nil-paid and fully-paid forms shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations. In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identities of the persons who may be allowed to do so.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights or the fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

NOTICE TO INVESTORS IN SINGAPORE

The offer of the Rights Shares in both their nil-paid and fully-paid forms by the Company is made only to and directed at, and the Rights Shares in both their nil-paid and fully-paid forms, are only available to, persons in Singapore who are existing members of the Company.

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Rights Shares in both their nil-paid and fully-paid forms may not be circulated or distributed, nor may Rights Shares in both their nil-paid and fully-paid forms be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to existing members of the Company under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”); or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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NOTICE TO INVESTORS IN THE UNITED KINGDOM

Neither the information in this Prospectus nor any other document relating to the Rights Issue has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”)) has been published or is intended to be published in respect of the Rights Shares in both their nil-paid and fully-paid forms.

This Prospectus is issued on a confidential basis to fewer than 150 persons (other than “qualified investors” (within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”)) in the United Kingdom, and the nil-paid rights and the Rights Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Rights Shares in both their nil-paid and fully-paid forms has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together “**relevant persons**”). The investments to which this Prospectus relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.

REPRESENTATIONS AND WARRANTIES

Each purchaser of the nil-paid Rights Shares or subscriber for the Rights Shares will be deemed (by accepting delivery of this Prospectus) to have agreed and given each of the following representations and warranties to the Company and to any person acting on their behalf, unless in their sole discretion the Company waive such requirement expressly in writing:

- (i) he/she/it was a Qualifying Shareholder as at 5:00 p.m. on 20 May 2021, or he/she/it lawfully acquired or may lawfully acquire the nil-paid Rights Shares, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the nil-paid Rights Shares and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;

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- (iii) he/she/it is not accepting and/or transferring the PAL, or requesting registration of the relevant nil-paid Rights Shares or Rights Shares from or within the Excluded Jurisdiction;
- (iv) he/she/it is not resident or located in, or a citizen of, the United States;
- (v) he/she/it is not accepting an offer to acquire or take up the nil-paid Rights Shares or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- (vi) he/she/it is not taking up for the account of any person who is located in the United States, unless (a) the instruction to purchase or take up the nil-paid Rights Shares or to subscribe for or accept Rights Shares was received from a person outside the United States and (b) the person giving such instruction has confirmed that it (1) has the authority to give such instruction and (2) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S;
- (vii) he/she/it is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- (viii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- (ix) he/she/it is not acquiring the nil-paid Rights Shares or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such nil-paid Rights Shares or Rights Shares into the United States; and
- (x) he/she/it understands that neither the nil-paid Rights Shares nor the Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the nil-paid Rights Shares and Rights Shares are being distributed and offered only outside the United States in reliance on Regulation S. Consequently he/she/it understands the nil-paid Rights Shares or Rights Shares may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, delivered, distributed or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

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FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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DEFINITIONS

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

“2020 Annual Report”	the annual report of the Company for the 12 months ended 31 December 2020
“2020 Interim Report”	the interim report of the Company for the six months ended 30 June 2020
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Amended Loan Agreement”	the Loan Agreement as supplemented by the supplemental loan agreement to the Loan Agreement dated 20 January 2021 entered into between Ms. Lau as lender and the Borrower as borrower in respect of the extension of the maturity date of the Shareholder’s Loan to 20 January 2022
“Announcement”	the announcement of the Company dated 16 February 2021 in relation to, among other things, the Rights Issue, the Placing, the Set-Off, the Whitewash Waiver and the Increase in Authorised Share Capital
“associate(s)”	has the meaning ascribed to it under the Listing Rules or the Takeovers Code (as the case may be)
“Beneficial Owner(s)”	owner(s) of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company
“Board”	the board of Directors
“Bondholders”	holders of the New Option 1 Bonds
“Borrower”	China LotSynergy Limited (華彩資源有限公司), a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Circular”	the circular of the Company dated 14 April 2021 in relation to, among other things, the Rights Issue, the Placing, the Set-Off, the Whitewash Waiver and the Increase in Authorised Share Capital
“CLO”	Beijing China Lottery Online Technology Company Limited, an Independent Third Party
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	China Ecotourism Group Limited (formerly known as China LotSynergy Holdings Limited), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1371)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“DGTY”	Dongguan Tianyi Electronic Company Limited, a subsidiary of the Company
“DGTY Litigation”	a civil action filed by DGTY with the People’s High Court of Beijing in relation to the payment for continued use of terminals for Welfare VLT by CLO after expiry of the relevant supply contract, details of which are disclosed on pages 20 and 26 of the 2020 Interim Report and page 7 of the 2020 Annual Report
“Director(s)”	the director(s) of the Company
“EAF”	the form(s) of application for the excess Rights Shares
“Entitlement Shares”	183,018,874 Rights Shares to be provisionally allotted to Ms. Lau in respect of the Shares held by her pursuant to the Rights Issue

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“Excluded Jurisdiction”	the PRC, being the jurisdiction in respect of which the Directors have determined, in accordance with Rule 13.36(2)(a) of the Listing Rules, that it is necessary or expedient not to offer Rights Shares (in their nil-paid and fully-paid forms) to Shareholders in such jurisdiction on account either of the legal restrictions under the laws of such jurisdiction or the requirements of a relevant regulatory body or stock exchange in such jurisdiction
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“First Supplemental Trust Deed”	the supplemental trust deed dated 28 March 2019 entered into between the Company and DB Trustees (Hong Kong) Limited to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds, including in respect of the maturity date, interest and interest payment date and conversion price, details of which are disclosed in the announcements of the Company dated 22 March 2019 and 28 March 2019, respectively
“Fourth Supplemental Trust Deed”	the supplemental trust deed dated 3 May 2021 entered into between the Company and DB Trustees (Hong Kong) Limited to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds, including in respect of the maturity date and repayment date, details of which are disclosed in the announcements of the Company dated 27 April 2021 and 3 May 2021, respectively
“FY2019”	the financial year ended 31 December 2019
“FY2020”	the financial year ended 31 December 2020
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company from HK\$40,000,000 divided into 1,600,000,000 Shares to HK\$125,000,000 divided into 5,000,000,000 Shares

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“Independent Shareholders”	<p>in respect of the Rights Issue only, Shareholders other than (i) Ms. Lau and parties acting in concert with her; (ii) all executive Directors and their respective associates (as defined under the Listing Rules); (iii) those who are involved in or interested in the Rights Issue; and (iv) those who were required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the SGM;</p> <p>in respect of the Set-Off and the Whitewash Waiver only, Shareholders other than (i) Ms. Lau and parties acting in concert with her; (ii) those who are involved in or interested in the Set-Off and/or the Whitewash Waiver (as the case may be); and (iii) those who were required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the SGM</p>
“Independent Third Parties”	third parties independent from, and not connected with, the Company and its connected persons
“Irrevocable Undertaking”	the irrevocable undertaking dated 29 January 2021 given by Ms. Lau in favour of the Company, as amended and supplemented by the supplemental deed to irrevocable undertaking dated 16 February 2021 given by Ms. Lau in favour of the Company
“Last Trading Day”	29 January 2021
“Latest Practicable Date”	17 May 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Latest Time for Acceptance”	4:00 p.m. on Friday, 4 June 2021 (or such other time and date as may be determined and announced by the Company), being the latest time for the application of, and payment for, the Rights Shares
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Agreement”	the loan agreement dated 21 January 2020 entered into between Ms. Lau as lender and the Borrower as borrower in respect of the advance of unsecured loan of HK\$50,000,000
“Ms. Chan”	Ms. Chan Tan Na, Donna (陳丹娜), the chairperson of the Board, an executive Director and the daughter of Ms. Lau

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“Ms. Lau”	Ms. Lau Ting (劉婷), a substantial Shareholder and the mother of Ms. Chan
“New Option 1 Bonds”	the Hong Kong dollar denominated unsecured convertible bonds with an outstanding principal amount of HK\$148,580,000 as at the Latest Practicable Date issued by the Company on 7 April 2017 with a maturity date of 7 November 2022 (as the same was amended by the execution of the Supplemental Trust Deeds and may from time to time be further amended and/or supplemented), which is held by an Independent Third Party as at the Latest Practicable Date
“New Option 1 Bonds Maturity Date”	7 November 2022
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Placing Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and independent from, and not acting in concert with, Ms. Lau under the Placing Agreement
“Placing Agent”	Cornerstone Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“Placing Agreement”	the agreement dated 16 February 2021 entered into between the Company and the Placing Agent in respect of the Placing
“Placing End Date”	4:00 p.m. on Wednesday, 9 June 2021, being the third Business Day following and excluding the day on which the Latest Time for Acceptance falls, or such other date as the Company may announce

DEFINITIONS

“Placing Long Stop Date”	4:00 p.m. on Thursday, 10 June 2021 (being the next Business Day after the Placing End Date) or such later date as the Company may announce
“Placing Period”	the period from Tuesday, 8 June 2021 up to 4:00 p.m. on the Placing End Date, being the period during which the Placing Agent will seek to effect the Placing
“Placing Price”	HK\$0.10 per Placing Share
“Placing Share(s)”	Untaken Share(s)
“Posting Date”	Friday, 21 May 2021, or such other date as the Company may determine and announce for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	this Prospectus issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the date by reference to which provisional allotments under the Rights Issue are expected to be determined, which is Thursday, 20 May 2021 or such other date as may be determined and announced by the Company
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Relevant Excess Shares”	such excess Rights Shares to be applied for by Ms. Lau
“Reporting Period”	the twelve month period from 1 January 2020 to 31 December 2020

DEFINITIONS

“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) existing Share held by the Shareholders on the Record Date and subject to the conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus
“Rights Issue Completion”	completion of the Rights Issue
“Rights Issue Settlement Date”	Thursday, 10 June 2021
“Rights Shares”	the new Share(s) to be allotted and issued under the Rights Issue, being up to 2,207,541,466 Shares (assuming there is no change in the total number of issued Shares up to and including the Record Date other than the full exercise of conversion rights under the New Option 1 Bonds on or before the Record Date)
“Second Supplemental Trust Deed”	the second supplemental trust deed dated 4 November 2019 entered into between the Company and DB Trustees (Hong Kong) Limited to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds, including in respect of the maturity date, repayment schedule and redemption rights, details of which are disclosed in the announcements of the Company dated 1 November 2019 and 4 November 2019, respectively
“Set-Off”	the set-off of the Shareholder’s Loan against the equivalent amount of Subscription Price of the Entitlement Shares and the Relevant Excess Shares allocated to Ms. Lau pursuant to the terms of the Set-Off Deed
“Set-Off Deed”	the deed of set-off dated 29 January 2021 entered into by the Company, the Borrower and Ms. Lau in respect of the Set-Off, as amended and supplemented by the supplemental deed to the deed of set-off dated 16 February 2021 entered into by the Company, the Borrower and Ms. Lau
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company held on 10 May 2021 at which, among other things, the Rights Issue, the Whitewash Waiver, the Set-off and the Placing have been approved

DEFINITIONS

“Share(s)”	ordinary share(s) with par value of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan”	the unsecured loan in the principal amount of HK\$50.00 million at an interest rate of 9.50% per annum due 20 January 2022 advanced by Ms. Lau to the Borrower pursuant to the Amended Loan Agreement
“Specific Mandate”	the specific mandate to allot, issue and deal with the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Trust Deeds”	collectively, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Supplemental Trust Deed”	the third supplemental trust deed dated 28 April 2020 entered into between the Company and DB Trustees (Hong Kong) Limited to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds, including in respect of the maturity date and the repayment schedule, details of which are disclosed in the announcements of the Company dated 23 April 2020 and 28 April 2020, respectively
“Undertaken Share(s)”	800,000,000 Rights Shares to be subscribed for by Ms. Lau pursuant to the Irrevocable Undertaking
“Untaken Share(s)”	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid rights whether under PAL(s) or EAF(s) during the Rights Issue
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended

DEFINITIONS

“Welfare VLT”	the Company’s China Welfare Lottery video lottery business
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Ms. Lau to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by Ms. Lau and any parties acting in concert with her as a result of the issue of the Rights Shares subject to the terms and conditions as set out in this Prospectus
“%”	per cent.

Certain figures included in this Prospectus 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.

EXPECTED TIMETABLE

The expected time and dates in the timetable for the Rights Issue and the Placing below and in this Prospectus are indicative only and may be subject to change. Any such change will be announced in a separate announcement by the Company as and when appropriate.

All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.

Events	Time and Date
First day of dealings in nil-paid Rights Shares	Tuesday, 25 May 2021
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Thursday, 27 May 2021
Last day of dealings in nil-paid Rights Shares	Tuesday, 1 June 2021
Latest Time for Acceptance.....	4:00 p.m. on Friday, 4 June 2021
Announcement of the number of the Untaken Shares subject to the Placing.....	Monday, 7 June 2021
Commencement of the Placing Period (if there are any Untaken Shares available)	Tuesday, 8 June 2021
Placing End Date for placing the Placing Shares	4:00 p.m. on Wednesday, 9 June 2021
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:00 p.m. on Thursday, 10 June 2021
Rights Issue Settlement Date and Placing completion date	Thursday, 10 June 2021
Announcement of the results of the Rights Issue, the application for excess Rights Shares and the Placing	Thursday, 10 June 2021
Despatch of share certificates for the Rights Shares and (if applicable) the Placing Shares and/or refund cheques.....	Friday, 11 June 2021
First day of dealings in the fully-paid Rights Shares, and if applicable, the Placing Shares	9:00 a.m. on Tuesday, 15 June 2021

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place if a tropical cyclone signal No. 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 4 June 2021, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 4 June 2021, being the date on which the Latest Time for Acceptance falls. In this case, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day on which none of the aforementioned warnings is in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Friday, 4 June 2021, the dates mentioned in the expected timetable may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.



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)

Executive Directors:

Ms. CHAN Tan Na, Donna

Mr. WU Jingwei

Mr. LI Zi Kui

Ms. ZHU Xinxin

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

Independent Non-executive Directors:

Mr. HUANG Shenglan

Mr. CHAN Ming Fai

Mr. CUI Shuming

Head office and principal place of business:

Unit 3308, 33rd Floor

Office Tower, Convention Plaza

1 Harbour Road

Wan Chai, Hong Kong

21 May 2021

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement and the Circular in relation to, among other things, the Rights Issue.

On 16 February 2021, the Board announced the Company's proposal to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$220.75 million, before expenses, by way of issuing up to 2,207,541,466 Rights Shares.

* For identification purposes only

LETTER FROM THE BOARD

The Rights Issue is subject to the fulfilment of certain conditions as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus. At the SGM convened and held at 11:00 a.m. on 10 May 2021, the necessary resolutions for approving, among other things, (i) the Rights Issue and the Whitewash Waiver were duly passed by the Independent Shareholders; and (ii) the Increase in Authorised Share Capital was duly passed by the Shareholders and became effective on 10 May 2021.

The purpose of this Prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfers of the nil-paid Rights Shares, the procedures for the acceptance of provisional allotments of Rights Shares and application for excess Rights Shares, together with the financial and other information of the Group.

RIGHTS ISSUE

Rights Issue Statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) existing Share held by the Shareholders as at 5:00 p.m. on the Record Date on a non-underwritten basis
Subscription Price:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,029,480,733 Shares
Maximum number of Rights Shares:	2,058,961,466 Rights Shares (assuming there is no change in the total number of issued Shares up to and including the Record Date), representing (i) 200.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon the Rights Issue Completion; or 2,207,541,466 Rights Shares (assuming there is no change in the total number of issued Shares up to and including the Record Date other than the full exercise of conversion rights under the outstanding New Option 1 Bonds on or before the Record Date), representing (i) approximately 214.43% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon the Rights Issue Completion.
Number of Rights Shares being undertaken by Ms. Lau:	800,000,000 Rights Shares

LETTER FROM THE BOARD

Excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments. The Rights Shares available for excess application would be those Rights Shares (if any) representing (i) any unsold entitlements of the Non-Qualifying Shareholders; and (ii) any Rights Shares provisionally allotted to but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.
Status of the Rights Shares:	The Rights Shares, when issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank <i>pari passu</i> in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.
Gross proceeds to be raised from the Rights Issue:	From approximately HK\$80.00 million to approximately HK\$220.75 million

Save for the outstanding New Option 1 Bonds in the principal amount of HK\$148,580,000 which are convertible into 74,290,000 Shares upon full conversion at the current conversion price of HK\$2.00, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert or exchange into or subscribe for Shares as at the Latest Practicable Date.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company as to Bermuda law has confirmed that there are no applicable statutory requirements under the Companies Act 1981 of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

The Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for the excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 11.50% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 30.07% to the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on 29 January 2021, being the date on which the Subscription Price is fixed;
- (iii) a discount of approximately 30.07% to the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 32.89% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.149;
- (v) a discount of approximately 40.12% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.167;
- (vi) a discount of approximately 43.18% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.176;
- (vii) a discount of approximately 12.28% to the theoretical ex-entitlement price of approximately HK\$0.114 per Share based on the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 23.93% represented by the theoretical diluted price of approximately HK\$0.119 to the benchmarked price of approximately HK\$0.156 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.143 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date on which the Subscription Price is fixed of HK\$0.156 per Share);
- (ix) a discount of approximately 56.33% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2019 of approximately HK\$0.229 per Share calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$235,583,000 as at 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019 and 1,029,480,733 Shares in issue as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (x) a discount of approximately 37.11% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2020 of approximately HK\$0.159 per Share calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$164,183,000 as at 30 June 2020 as set out in the 2020 Interim Report and 1,029,480,733 Shares in issue as at the Latest Practicable Date; and
- (xi) a premium of approximately HK\$0.188 over the audited consolidated net liability value per Share attributable to the Shareholders as at 31 December 2020 of approximately HK\$0.088 per Share calculated based on the audited consolidated net liabilities of the Group attributable to the Shareholders of approximately HK\$91,058,000 as at 31 December 2020 as set out in the 2020 Annual Report and 1,029,480,733 Shares in issue as at the Latest Practicable Date.

Knight Frank Petty Limited (the independent valuer in respect of the property of the Group in Hong Kong) and Prudential Surveyors (Hong Kong) Limited (the independent valuer in respect of the property of the Group in the PRC) confirm that the valuations of the properties of the Group in Hong Kong and the PRC as at 31 December 2020 are the same as those as at 28 February 2021. As a result, no further adjustment is required to be made on the audited consolidated net liabilities of the Group attributable to the Shareholders in light of the valuations of the properties of the Group in Hong Kong and the PRC as at 28 February 2021. Please refer to Appendices III and IV to the Circular for the valuation reports of the properties of the Group in Hong Kong and the PRC as at 28 February 2021, respectively.

Each Rights Share has a par value of HK\$0.025.

The aggregate par value of the Rights Shares will, depending on the level of subscription of the Rights Shares, range from HK\$20,000,000 to HK\$55,188,536.65.

In determining the Subscription Price, the Board has considered in particular (i) the recent and general downward trend of the market price of the Shares in January 2021 (from the highest of approximately HK\$0.217 per Share to the lowest of approximately HK\$0.139 per Share prior to the Last Trading Day) and the low trading volume and infrequent trading of the Shares; (ii) the loss-making position of the Group for the recent years; (iii) the net current liabilities of the Group as at 31 December 2020 and 31 December 2019; (iv) the adverse effect of the COVID-19 pandemic on the Chinese lottery market and policy adjustments of the Chinese government which resulted in the deterioration of the business performance of the Group; and (v) the pressing financial needs of the Group in the near-term. The Chinese lottery market was severely hard-hit in 2020 by (i) the continuing prohibition of online and telephone lottery tickets sales; (ii) the suspension of video lottery sales in 2020; (iii) the implementation of policies by the PRC government which tightened the regulation of high frequency games and single match games and emphasised public welfare and social responsibility of the State's lottery; and (iv) the outbreak of COVID-19 which, among others, resulted in global football and basketball tournaments being suspended, thereby heavily affecting the performance of the Chinese sports lottery market. The Chinese lottery market experienced the longest market closure in its recent history, with a 49-day suspension of all operation of physical lottery stores from the end of January 2020 and lottery sales in China plummeted by approximately 21%

LETTER FROM THE BOARD

year-on-year in 2020, thereby affecting the business performance of the Group. Although the Subscription Price represents a significant discount to the benchmarked price of approximately HK\$0.156 per Share (as defined under Rule 7.27B of the Listing Rules) and net asset value of the Company per Share as at 30 June 2020, the Directors (including the independent non-executive Directors) consider that, in view of the prevailing market conditions and other factors as described above, setting the Subscription Price at such a significant discount would help attract the Qualifying Shareholders to participate in the Rights Issue and invest in the Company so as to enable the Company to raise the funds required. Therefore, the Directors (excluding Ms. Chan, who abstained from voting but including members of the Independent Board Committee) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders (including the Independent Shareholders) as a whole.

Status of the Rights Shares

The Rights Shares, when issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must have been registered as a member of the Company as at 5:00 p.m. on 20 May 2021 and be a Qualifying Shareholder.

The Company has sent the Prospectus Documents to the Qualifying Shareholders on the date of this Prospectus but has only sent the Prospectus (without the PAL), for information purposes only, to the Non-Qualifying Shareholders.

The latest time for acceptance and payment of Rights Shares is expected to be 4:00 p.m. on Friday, 4 June 2021, being the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements, if any). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may, depending on the total number of Rights Shares being validly taken up or subscribed (whether by Rights Issue or Placing), be diluted.**

Beneficial Owners whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

LETTER FROM THE BOARD

Basis of provisional allotment

The Rights Shares have been provisionally allotted on the pro rata basis of two (2) nil-paid Rights Shares for every one (1) existing Share held by a Qualifying Shareholder at 5:00 p.m. on the Record Date. The board lot of the nil-paid Rights Shares will be 10,000 Shares.

Application for all of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. Please refer to the section headed "Procedures for Acceptance or Transfer" in the "Letter from the Board" in this Prospectus for further details.

If a Qualifying Shareholder wishes to accept only part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, please refer to the section headed "Procedures for Acceptance or Transfer — Transfers and Splitting of Nil-Paid Rights Shares" in the "Letter from the Board" in this Prospectus.

Fractional entitlements to the Rights Shares

On the basis of the provisional allotment of two (2) Rights Shares for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue. No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Non-Qualifying Shareholders

As at the Latest Practicable Date, based on the register of members of the Company, the Overseas Shareholders were as follows:

Jurisdiction of the registered address of the Overseas Shareholders	Number of Overseas Shareholders	Number of Shares held
Australia	6	3,591
PRC	2	7,593,164
United Kingdom	5	1,265
India	2	340
Singapore	1,288	703,238

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the legal advice from the legal advisers as to the laws of Australia, the PRC, the United Kingdom, India and Singapore and having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully-paid forms) to Overseas Shareholders with

LETTER FROM THE BOARD

registered addresses in the PRC due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in the PRC and/or additional steps the Company and/or Overseas Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in the PRC.

Thus, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are (i) any Shareholder(s) whose name(s) appeared in the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in the Excluded Jurisdiction and (ii) any Shareholder(s) or Beneficial Owner(s) at that time who is/are otherwise known by the Company to be residents in the Excluded Jurisdiction (and, as applicable and to the extent of any such Beneficial Owner's interests, the Shareholder(s) in whose name(s) such Beneficial Owner's Shares are registered).

The Company has sent copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but has not sent the PAL and EAF to them.

Notwithstanding any other provision in this Prospectus or any other Prospectus Documents, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by renounees and transferees of nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders under the EAF(s).

Procedures for Acceptance or Transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) outside Hong Kong wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in, and Shareholders or Beneficial Owners who are

LETTER FROM THE BOARD

otherwise residing in, the Excluded Jurisdiction and persons holding Shares on behalf of persons with such addresses or residences is drawn to the section headed “Non-Qualifying Shareholders” in the “Letter from the Board” in this Prospectus.

Each purchaser of the nil-paid Rights Shares or subscriber for the Rights Shares will be deemed (by accepting delivery of this Prospectus) to have agreed and given each of the following representations and warranties to the Company and to any person acting on their behalf, unless in their sole discretion the Company waive such requirement expressly in writing:

- (i) he/she/it was a Qualifying Shareholder as at 5:00 p.m. on 20 May 2021, or he/she/it lawfully acquired or may lawfully acquire the nil-paid Rights Shares, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the nil-paid Rights Shares and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- (iii) he/she/it is not resident or located in, or a citizen of, the United States;
- (iv) he/she/it is not accepting an offer to acquire or take up the nil-paid Rights Shares or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- (v) he/she/it is not taking up for the account of any person who is located in the United States, unless (a) the instruction to purchase or take up the nil-paid Rights Shares or to subscribe for or accept Rights Shares was received from a person outside the United States and (b) the person giving such instruction has confirmed that it (1) has the authority to give such instruction and (2) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S;
- (vi) he/she/it is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- (vii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- (viii) he/she/it is not acquiring the nil-paid Rights Shares or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such nil-paid Rights Shares or Rights Shares into the United States; and
- (ix) he/she/it understands that neither the nil-paid Rights Shares nor the Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the nil-paid Rights Shares and Rights Shares are being distributed and offered only

LETTER FROM THE BOARD

outside the United States in reliance on Regulation S. Consequently, he/she/it understands the nil-paid Rights Shares or Rights Shares may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, delivered, distributed or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

The PAL enclosed with this Prospectus entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. Qualifying Shareholders who wish to take up their provisional allotment of Rights Shares in full must lodge the PAL in accordance with the instructions printed on the PAL, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, so as to be received by not later than 4:00 p.m. on Friday, 4 June 2021. All remittances must be made by cheques or cashier’s orders in Hong Kong dollars. Cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**China Ecotourism Group Limited — Rights Issue Account**” and crossed “**Account Payee Only**”. Such payment will constitute acceptance of the provisional allotment on the terms of the PAL and the Prospectus and subject to the memorandum of association and bye-laws of the Company. No receipt will be given for such remittances.

It should be noted that, unless a PAL, duly completed, together with the appropriate remittance, has been received as described above by 4:00 p.m. on Friday, 4 June 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

All cheques and cashier’s orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of a PAL together with a cheque or cashier’s order in payment for the Rights Shares accepted will constitute a warranty by the applicant(s) that the cheque or cashier’s order will be honoured on first presentation. No receipt will be given in respect of any application monies received.

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

Holders of Rights Shares may contact the Registrar for details of the above procedures.

Transfers and Splitting of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment of Rights Shares or renounce or transfer a part of his/her/its nil-paid Rights Shares, or transfer his/her/its nil-paid Rights Shares to more than one person (not as joint holders), the entire original PAL must be surrendered and lodged for cancellation with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to the Qualifying Shareholder as set out in the PAL), by not later than 4:30 p.m. on Thursday, 27 May 2021 with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The Registrar will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar, at the above address, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

Having split the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in the section headed “Subscription for all Rights Shares provisionally allotted” in the “Letter from the Board” in this Prospectus.

If a Qualifying Shareholder wishes to renounce or transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person or persons as joint holders, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the “Registration Application Form” (Form C) in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by not later than 4:00 p.m. on Friday, 4 June 2021. No receipt will be given for such remittance.

It should be noted that Hong Kong ad valorem stamp duty is payable by the transferor(s) and the transferee(s) in connection with the transfer of nil-paid Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

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The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus is not fulfilled by 4:00 p.m. on Thursday, 10 June 2021, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 11 June 2021.

Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdiction

Shareholders with registered addresses in the Excluded Jurisdiction and Shareholders and Beneficial Owners who are otherwise known by the Company to be residing in the Excluded Jurisdiction are only permitted to take up their rights under the Rights Issue if they fulfil the relevant requirements to the satisfaction of the Company.

Any registered Shareholder (or any renounee(s) or transferee(s) of nil-paid Rights Shares) accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting and/or transferring the PAL, or requesting registration of the relevant nil-paid Rights Shares or Rights Shares from or within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the nil-paid Rights Shares or the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) is not acting on a non-discretionary basis for a person resident in the Excluded Jurisdiction at the time the instruction to accept or transfer was given; and (iv) is not acquiring the nil-paid Rights Shares or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouneement, pledge, transfer, delivery or distribution, directly or indirectly, of any such nil-paid Rights Shares or Rights Shares into the Excluded Jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if: (i) it appears to the Company to have been executed in, or despatched from, the Excluded Jurisdiction and the acceptance or transfer may involve a breach of the laws of the relevant jurisdiction or the acceptance or transfer is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable

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legal or regulatory requirement; (ii) a Shareholder (or renouncee or transferee) provides an address in the relevant jurisdiction for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (iii) a Shareholder (or renouncee or transferee) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners whose Shares are held by a registered owner (other than HKSCC Nominees Limited)

Subscription for Rights Shares provisionally allotted and transfers and splitting of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a registered owner and you wish to subscribe for the Rights Shares provisionally allotted to such registered owner in respect of your Shares or sell the respective nil-paid Rights Shares or split those nil-paid Rights Shares or accept part of the provisional allotment and sell the remaining part, you should contact the registered owner and provide the registered owner with instructions or make arrangements with the registered owner in relation to the acceptance, transfer and/or splitting of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the registered owner in order to allow the registered owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners who are overseas shareholders whose Shares are held by a registered owner (other than HKSCC Nominees Limited)

As described above, Beneficial Owners who are overseas shareholders are only permitted to take up their rights under the Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial Owner instructing a registered owner to accept and/or transfer a PAL or request registration of the Rights Shares comprised therein, and the registered owner accepting and/or transferring or requesting registration, represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting and/or renouncing the PAL, or requesting registration of the relevant nil-paid Rights Shares or Rights Shares from or within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the nil-paid Rights Shares and/or the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) is not acting on a non-discretionary basis for a person resident in the Excluded Jurisdiction at the time the instruction to accept or transfer was given; and (iv) is not acquiring nil-paid Rights

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Shares and/or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such nil-paid Rights Shares and/or Rights Shares into the Excluded Jurisdiction.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if: (i) it appears to the Company to have been executed in, or despatched from, the Excluded Jurisdiction and the acceptance or transfer may involve a breach of the laws of the Excluded Jurisdiction or the acceptance or transfer is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (ii) a Shareholder (or renouncee or transferee) provides an address in the Excluded Jurisdiction for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (iii) a Shareholder (or renouncee or transferee) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial Owners holding interests in Shares deposited in CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the acceptance, transfer and/or “splitting” of your nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

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Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares deposited in CCASS

Any Beneficial Owner holding interests in Shares deposited in CCASS and any CCASS participant who instructs its intermediary to make an acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that his/her/its acceptance or transfer will not result in the contravention of any applicable legal requirement in any jurisdiction, he/she/it: (i) is not accepting or requesting registration of the relevant nil-paid Rights Shares and/or Rights Shares from or within the Excluded Jurisdiction; (ii) is not in the Excluded Jurisdiction or in any territory in which it is otherwise unlawful to make or accept an offer to acquire nil-paid Rights Shares or Rights Shares; (iii) is not acting on a non-discretionary basis for a person located within the Excluded Jurisdiction at the time the instruction to accept was given; and (iv) is not acquiring the nil-paid Rights Shares or Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such nil-paid Rights Shares or Rights Shares into the Excluded Jurisdiction.

The Company may treat as invalid any instruction which appears to the Company to have been executed in, or despatched from, the Excluded Jurisdiction and the acceptance or transfer may involve a breach of the laws of the Excluded Jurisdiction or the acceptance or transfer is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the Excluded Jurisdiction for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (iii) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Application for excess Rights Shares

Qualifying Shareholders shall be entitled to, by way of excess application, apply for the excess Rights Shares, which comprise (i) any unsold Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders; and (ii) any nil-paid Rights Shares not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for the excess Rights Shares can be made by Qualifying Shareholders by completing an EAF in accordance with the instructions printed on it and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for, with the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 4:00 p.m. on Friday, 4 June 2021. All remittances in respect of excess application must be made by cheques or cashier’s orders in Hong Kong dollars. Cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**China Ecotourism Group Limited — Excess Application Account**” and crossed “**Account**

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Payee Only". The Company may at its discretion treat an EAF as valid or binding on the person(s) by himself/herself/itself/themselves or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

Holders of Rights Shares may contact the Registrar for details of the above procedures.

The Directors will allocate any excess Rights Shares (including where the aggregate number of Rights Shares available for excess application is less than the aggregate number of excess Rights Shares applied for through EAFs) at their discretion on a fair and equitable basis in accordance with the principle that the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for them on a pro-rata basis with reference to the number of excess Rights Shares applied for, but no reference will be made to the Rights Shares subscribed through applications by PALs and no preference will be given to topping-up odd lot holdings to whole board lot holdings. Qualifying Shareholders are not guaranteed to be allotted all or any of the excess Rights Shares applied for.

If the aggregate number of Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdiction

What is set out in the section headed "Action to be taken by Qualifying Shareholders — Important notice and representations and warranties relating to registered Shareholders in the Excluded Jurisdiction" in the "Letter from the Board" in this Prospectus in relation to transfer and acceptance of the nil-paid Rights Shares and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners whose Shares are held by a registered owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a registered owner and you wish to apply for excess Rights Shares, you should contact the registered owner and provide the registered owner with instructions or make arrangements with the registered owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated

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in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the registered owner, in order to allow the registered owner sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to Beneficial Owners who are overseas shareholders whose Shares are held by a registered owner (other than HKSCC Nominees Limited)

What is set out in the section headed “Action to be taken by Beneficial Owners whose Shares are held by a registered owner (other than HKSCC Nominees Limited) — Important notice and representations and warranties relating to Beneficial Owners who are overseas shareholders whose Shares are held by a registered owner (other than HKSCC Nominees Limited)” in the “Letter from the Board” in this Prospectus in relation to transfer and acceptance of the nil-paid Rights and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares

Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” in this Prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with the “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares through CCASS

What is set out in the section headed “Action to be taken by Beneficial Owners holding interests in Shares through CCASS — Important notice and representations and warranties relating to Beneficial Owners in the Excluded Jurisdiction holding interests in Shares through CCASS” in the “Letter from the Board” in this Prospectus in relation to transfer and

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acceptance of the nil-paid Rights Shares and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

Important notice for Beneficial Owners

Beneficial Owners with their Shares held by a registered owner (or which are held in CCASS) should note that the Directors will regard the registered owner (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Owners should note that the above arrangement for allocation of excess Rights Shares will not be extended to them individually (including those Beneficial Owners holding the Shares through HKSCC Nominees Limited). HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro-rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC considers fair and appropriate, which is pursuant to the allocation basis as stipulated in Rules 8.10.4(ix) of the CCASS Operational Procedures. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

The allocation of excess Rights Shares (if any) to the Qualifying Shareholders will be announced by the Company on Thursday, 10 June 2021. If no excess Rights Shares are allotted to the applicant, a refund cheque for the full amount tendered on application (without interest) will be posted to the applicant at his/her/its registered address by ordinary post at his/her/its own risk and, if the number of excess Rights Shares allotted to the applicant is less than the number applied for, a cheque for the surplus application monies (without interest) will be posted to the applicant at his/her/its registered address by ordinary post at his/her/its own risk. Such posting is expected to take place on or before Friday, 11 June 2021. Any such cheque will be drawn in favour of the person(s) named on the EAF.

Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares which are the subject of the EAF will constitute a warranty by the applicant that such cheque or cashier's order will be honoured on first presentation. All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation.

Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

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No action has been taken to permit the offering of the Rights Shares, or the distribution of the EAF and any other Prospectus Document, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes in doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If the conditions of the Rights Issue are not fulfilled at or before 4:00 p.m. on Thursday, 10 June 2021 (or such later time and date as the Company may determine), the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques dispatched by ordinary post to their respective addresses at their own risk on or before Friday, 11 June 2021.

Share certificates for the Rights Shares

Subject to fulfilment of the conditions, and the proceeding, of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted by Friday, 11 June 2021 to those entitled to them at their registered addresses by ordinary post at their own risk. Applicant(s), except HKSCC Nominees Limited, will receive one share certificate for all Rights Shares and/or excess Rights Shares (if any), both in fully-paid form, allotted and issued to him/her/it.

Application for listing and dealing arrangements of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange. It is expected that dealings in the nil-paid Rights Shares will take place from 9:00 a.m. on Tuesday, 25 May 2021 to 4:00 p.m. on Tuesday, 1 June 2021 (both days inclusive).

The Rights Shares shall have the same board lot size as the Shares (i.e. 10,000 Shares in one board lot).

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange and the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such

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other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company as to Bermuda law has confirmed that there are no applicable statutory requirements under the Companies Act 1981 of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the grant by the Executive of the Whitewash Waiver on or before the Posting Date and such Whitewash Waiver not having been subsequently revoked or withdrawn;

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- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules and the Takeovers Code, including but not limited to approving, confirming and/or ratifying (as the case may be):
 - (a) the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms; and
 - (b) the Set-Off;
- (iii) the passing by at least 75% of the votes that are cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the Whitewash Waiver;
- (iv) the passing by the Shareholders of all necessary resolutions to be proposed at the SGM for the Increase in Authorised Share Capital;
- (v) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Registrar of Companies in Hong Kong, respectively, of one copy of each of the Prospectus Documents not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Posting Date;
- (vii) the grant by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (viii) the compliance by Ms. Lau with her obligations under the Irrevocable Undertaking prior to the Latest Time for Acceptance and the Irrevocable Undertaking remaining in full force and effect; and
- (ix) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and Bermuda.

The conditions are incapable of being waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein or 4:00 p.m. on the Rights Issue Settlement Date (as the case may be), the Rights Issue will not proceed.

As at the Latest Practicable Date, conditions (i) to (vi) above had been fulfilled and in respect of condition (ix) above, the Directors were not aware of any other mandatory requirements under the applicable laws and regulations of Hong Kong and Bermuda in relation

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to the Rights Issue which have to be complied with. In respect of conditions (ii) to (iv) above, as disclosed in the Company's announcement dated 10 May 2021, all the resolutions in relation to, among others, the Rights Issue and the Placing (including the Specific Mandate) were duly passed by the Shareholders at the SGM.

The Placing

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to act as the placing agent for the Company to procure, on a best effort basis, places to subscribe for the Placing Shares (i.e. the Untaken Shares during the Rights Issue) at the Placing Price of HK\$0.10 per Placing Share on the terms and subject to the conditions set out in the Placing Agreement. Under the terms of the Placing Agreement, if all the Rights Shares are already fully taken up in the Rights Issue whether through the PAL(s) or EAF(s), the Placing will not proceed.

The timetable of the Placing is driven by the timetable of the Rights Issue. Under the terms of the Placing Agreement, the Placing Period shall commence on Tuesday, 8 June 2021, being the second Business Day following the day on which the Latest Time for Acceptance falls, or such other date as the Company may announce. The Placing Period shall end on Wednesday, 9 June 2021, being the third Business Day following the day on which the Latest Time for Acceptance, or such other date as the Company may announce.

The long stop date for the fulfilment of conditions of the Placing Agreement shall be 4:00 p.m. on Thursday, 10 June 2021 (being the next Business Day after the Placing End Date) or such later date as may be announced by the Company. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions and if the said conditions are not fulfilled on or before the Placing Long Stop Date, the Placing Agreement will lapse and become null and void and the Company and the Placing Agent shall be released from all obligations under the Placing Agreement, save the liabilities for any antecedent breaches thereof.

The Irrevocable Undertaking By Ms. Lau

As at the Latest Practicable Date, Ms. Lau was the beneficial owner of a total of 91,509,437 Shares, representing approximately 8.89% of the total number of issued Shares.

Ms. Lau gave the Irrevocable Undertaking in favour of the Company in connection with the Rights Issue. Pursuant to the Irrevocable Undertaking, Ms. Lau has irrevocably undertaken to the Company that, among other things, (i) subject to the Company despatching the Prospectus Documents to the Qualifying Shareholders and the Whitewash Waiver having been granted by the Executive prior to the Posting Date and not been revoked or withdrawn, she shall accept and pay for, or procure the acceptance and payment for, all the Entitlement Shares provisionally allotted to her; (ii) she shall remain to be the beneficial owner of 91,509,437 Shares on the Record Date; and (iii) she shall not, and shall procure her nominees not to, acquire any further Shares on or before the Record Date.

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In addition, Ms. Lau has irrevocably undertaken to the Company to, among other things:

- (i) promptly (and in any event prior to the Posting Date) apply to the Executive for the Whitewash Waiver; and
- (ii) subject to the Company despatching the Prospectus Documents to the Qualifying Shareholders and the Whitewash Waiver having been granted by the Executive prior to the Posting Date and not been revoked or withdrawn, she shall, at or before the Latest Time for Acceptance, apply and pay for, or procure the application and payment for, no less than 616,981,126 excess Rights Shares, which represents the difference between (1) the Undertaken Shares; and (2) all Entitlement Shares provisionally allotted to her, and no more than such number of excess Rights Shares which represents the difference between (1) the maximum number of Rights Shares available for subscription under the Rights Issue; and (2) all Entitlement Shares provisionally allotted to her.

Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date, the maximum number of excess Rights Shares which Ms. Lau may apply for shall be 1,875,942,592 Rights Shares.

Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the full exercise of conversion rights under the outstanding New Option 1 Bonds on or before the Record Date, the maximum number of excess Rights Shares which Ms. Lau may apply for shall be 2,024,522,592 Rights Shares.

Save for Ms. Lau, no Shareholder has undertaken with the Company to take up his/her/its provisional allotment in full or in part in connection with the Rights Issue.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE SET-OFF AND THE USE OF PROCEEDS

The Group has recorded net loss since 2015, and as disclosed in the 2020 Annual Report, for the year ended 31 December 2020, the Group recorded an audited net loss of approximately HK\$623.92 million. Such loss was mainly due to the decrease in sales of lottery terminals and related equipment of approximately HK\$17.92 million and a decrease of approximately HK\$35.08 million in revenue from lease income from operating leases, which was as a result of the ongoing novel coronavirus pneumonia 2019 (COVID-19) pandemic.

In addition, as disclosed in the 2020 Annual Report, as at 31 December 2020, the Company recorded net current liabilities of approximately HK\$241.97 million. However, as at 31 December 2020, the Company had cash and bank balances of only HK\$76.43 million.

As at the Latest Practicable Date, the Group's current liabilities mainly included (i) the unsecured Shareholder's Loan with a total outstanding principal amount of HK\$50,000,000; (ii) the New Option 1 Bonds in the aggregate principal amount of HK\$148,580,000 where the first instalment of repayment of approximately HK\$26.22 million will be due on 31 July 2021; and

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(iii) a bank loan with a total outstanding amount of HK\$201.50 million which will fall due on 30 June 2021. The Company's cash and bank balance is insufficient for meeting its imminent cash flow demand in view of the aforementioned liabilities.

In light of the above, the Company intends to raise funds by way of the Rights Issue. Assuming a maximum of 2,207,541,466 Rights Shares and a minimum of 800,000,000 Rights Shares will be issued, the estimated gross proceeds of the Rights Issue will range from a maximum of approximately HK\$220.75 million to a minimum of approximately HK\$80.00 million. The estimated expenses in relation to the Rights Issue to be borne by the Company will amount to approximately HK\$6.50 million and the estimated net proceeds of the Rights Issue will range from a maximum of approximately HK\$214.25 million to a minimum of approximately HK\$73.50 million (assuming there is no change in the total number of issued Shares up to and including the Record Date and only Ms. Lau subscribes for the Undertaken Shares under the Irrevocable Undertaking). The net subscription price per Rights Share is expected to be a maximum of approximately HK\$0.097 and a minimum of approximately HK\$0.092.

In the event that the maximum net proceeds of approximately HK\$214.25 million is raised, (i) approximately HK\$90.00 million (or approximately 42.01% of the maximum net proceeds) will be used towards the repayments of the New Option 1 Bonds in July 2021, November 2021 and May 2022, respectively, and the final repayment in part of the New Option 1 Bonds in November 2022 (or such other date(s) as the Company and the Bondholders may agree); (ii) approximately HK\$30.00 million (or approximately 14.00% of the maximum net proceeds) will be used towards the partial repayment of an existing bank borrowing (including interests) borrowed by Champ Technology Limited, an indirectly wholly-owned subsidiary of the Group, which will fall due in June 2021; (iii) approximately HK\$50.00 million (or approximately 23.34% of the maximum net proceeds) will be used towards the Set-Off immediately upon the Rights Issue Settlement Date; and (iv) approximately HK\$44.25 million (or approximately 20.65% of the maximum net proceeds) will be used towards the general working capital of the Group, such as the payment of salaries and remuneration of the Group's staff, research and development expenses and cost of sales, within 2021, respectively. In the event that the minimum net proceeds of approximately HK\$73.50 million is raised, (i) approximately HK\$23.50 million (or approximately 31.97% of the minimum net proceeds) will be used towards the repayment in part of the New Option 1 Bonds in July 2021 (or such other date(s) as the Company and the Bondholders may agree); and (ii) approximately HK\$50.00 million (or approximately 68.03% of the minimum net proceeds) will be used towards the Set-Off immediately upon the Rights Issue Settlement Date, respectively. Taking into account the financial resources available to the Group, including the estimated net proceeds from the Rights Issue and the Placing, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this Prospectus.

As disclosed below, the Company has analysed alternative fundraising means and considered the Rights Issue and the Placing to be the most commercially acceptable and suitable fundraising option which is in the interest of the Company and its shareholders as a whole. In the event of an undersubscription or non-completion of the Rights Issue and/or the Placing, the Company would have to reassess those alternative fundraising methods available

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to the Group, including obtaining debt financing (such as bank borrowings or by issuance of bonds) and other equity financing (such as placing of shares or convertible securities under general or specific mandate) from the substantial shareholder, the banks or other financial institutions or other independent third party investors, to finance the intended use of proceeds specified above, and/or to consider seeking refinancing of existing debt. Depending on the market condition and the business and financial condition of the Group at that time and the results of negotiations with the provider of the financing, the Group may or may not pursue a fundraising option on the same terms of the Rights Issue and Placing.

As at the Latest Practicable Date, the outstanding principal amount of the New Option 1 Bonds is HK\$148,580,000, which is convertible into 74,290,000 Shares upon full conversion at the current conversion price of HK\$2.00. Subject to any extension which the Company and the Bondholders may agree, part of the New Option 1 Bonds in the principal amount of (i) HK\$26,220,000 will be due in July 2021; (ii) HK\$26,220,000 will be due in November 2021; and (iii) HK\$26,220,000 will be due in May 2022, and the remaining outstanding principal amount of HK\$69,920,000 will be payable on the New Option 1 Bonds Maturity Date, i.e. 7 November 2022. The New Option 1 Bonds carry an interest of 8.5% per annum which is payable in arrears on the New Option 1 Bonds Maturity Date.

Details of the aforesaid existing bank borrowing to be repaid by the Group (including the Borrower, the lender, the interest rate, maturity date and outstanding balance) are as follows:

Tranche	Borrower	Lender	Interest rate	Maturity date	Outstanding balance of principal amount as at the Latest Practicable Date (HK\$)
1	Champ Technology Limited	Industrial Bank Co. Ltd., Hong Kong Branch	3-month HIBOR+5%	30 June 2021	78,500,000
2	Champ Technology Limited	Industrial Bank Co. Ltd., Hong Kong Branch	1-month HIBOR+9%	30 June 2021	130,000,000

The Company has considered alternative fundraising means. As regards debt financing, the Company has approached five different financial institutions, most of which provided banking facilities proposals ranging from one to twenty years with an interest rate of HIBOR plus a fixed rate to refinance the Group's current liabilities, but the Company has found it challenging to obtain approval from such financial institutions unless the Supreme People's Court of the PRC makes a judgment in respect of a civil litigation filed by DGTY, a subsidiary of the Company, in the PRC in favour of the Group in relation to the payment for continued use of terminals for Welfare VLT by CLO after expiry of the relevant supply contract and awards damages of approximately RMB1.36 billion. The potential judgment sum is expected to have a significant impact on the financial position and repayment ability of the Group. Details of such civil litigation in the PRC are set out on pages 20 and 26 of the 2020 Interim Report.

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As disclosed in the announcement of the Company dated 25 March 2021, the Company received a civil judgment dated 31 December 2020 from the Supreme People's Court of the PRC which ordered that, among others, CLO is required to pay to DGTY a sum of RMB54,835,734.43 with interest at a rate for the identical kind of loans published by the People's Bank of China accrued from 15 July 2015 to the date of payment. As at the Latest Practicable Date, DGTY had not yet received the aforementioned payment sum from CLO. Given the current financial market conditions in Hong Kong, the Board is of the view that it would be difficult for the Group to obtain sufficient debt financing in a timely manner.

As regards equity financing, the Company has considered (i) a sole placement of new Shares or an issue of convertible bonds; and (ii) an open offer. The Board considers a rights issue that enables all Qualifying Shareholders to be able to invest in the future growth of the Company to be preferable to a sole placing of new shares or convertible bonds which would be limited to a number of investors only. In addition, a rights issue, as compared with an open offer, offers flexibility to the Shareholders to sell their entitled nil-paid rights if they do not wish to take up the entitlements.

The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enable the Shareholders to maintain their interests in the Company and continue to invest in the future growth of the Group, provided that the Shareholders participate in the Rights Issue. After considering (i) the benefits and cost of the alternative fundraising means; and (ii) the importance of the fundraising exercise to the Company to satisfy its pressing financial needs, the Directors consider that the Rights Issue, together with the Placing, are in the interests of the Company and the Shareholders as a whole.

The Company had approached five brokerage companies (including the Placing Agent) to explore their interest in participating in the underwriting of the Rights Issue. None of such brokerage companies indicated their willingness, nor were they responsive, in participating in the underwriting of the Rights Issue mainly due to the lack of interest in the secondary fundraising activity, the recent downward trend of the market price and the low trading volume of the Shares, save and except for the Placing Agent which expressed interest in acting as a placing agent and on a best effort basis only.

As disclosed above, there are several impending repayment obligations which the Company is required to satisfy in the next six months. The Company had explored a range of fundraising options including both debt and equity financing but had encountered difficulty in securing a sufficient amount of funds for the various reasons set out above. As it has become critical for the Company to be able to raise funds as soon as possible to meet the aforementioned repayment obligations (including but not limited to the repayment of the New Option 1 Bonds in the principal amount of HK\$26,220,000 which will fall due in July 2021 and the repayment of an existing bank borrowing which will fall due on 30 June 2021), the Company has decided to conduct the Rights Issue on a non-underwritten basis and to conduct the Placing alongside the Rights Issue in order to implement its fundraising plan. The Rights Issue and Placing will enable the Group to secure funding if the level of subscription of the Rights Issue is low.

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Should the Rights Shares not be subscribed for by the Qualifying Shareholders through their provisional allotments and excess applications, the Untaken Shares would be placed through the Placing Agent. Given (i) its funding needs; (ii) the priority that will be given to the Qualifying Shareholders to subscribe for the Rights Shares; and (iii) the unavailability of alternative fundraising means, the Company considers that it is reasonable to treat other potential investors fairly and equally and set the Placing Price at the Subscription Price so as to induce other investors to invest in the Company.

Having considered the above factors, including but not limited to the current financial position of the Group and the maturity date of the New Option 1 Bonds, and taking into account the benefits and cost of the alternative fundraising means, the Directors (excluding Ms. Chan) consider that the Rights Issue and the Placing will enable the Group to raise the necessary and sufficient funds in a timely manner to satisfy the Group's short term financial needs and thus improve the current financial position of the Group. Therefore, the Rights Issue and the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE LATEST PRACTICABLE DATE AND IN THE NEXT 12 MONTHS

The Company had not carried out any equity fundraising activities in the past 12 months immediately preceding the Latest Practicable Date.

As at the date of this Prospectus, save for the Rights Issue and the Placing, the Company has no intention to conduct any further equity fundraising activities in the next 12 months. However, the Board does not rule out the possibility that the Company will conduct further equity fundraising exercises if the Group experiences deterioration of its financial position and performance, the Right Issue and the Placing are undersubscribed, and/or suitable opportunities arise in order to support the future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

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EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately after the Rights Issue Completion assuming (1) there is no change in the issued share capital of the Company from the Latest Practicable Date and up to and including the Record Date; and (2) there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the full exercise of conversion rights under the outstanding New Option 1 Bonds on or before the Record Date:

I. Assuming there is no change in the issued share capital of the Company

Shareholder	Immediately upon the Rights Issue Completion											
	As at the Latest Practicable Date		Assuming full acceptance by all Qualifying Shareholders under the Rights Issue				Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; and (b) all the excess Rights Shares are subscribed for by Ms. Lau		Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; (b) Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking; and (c) all the Untaken Shares are placed to Independent Third Parties under the Placing		Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; (b) Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking; and (c) no Independent Third Parties take up the Untaken Shares	
			Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Ms. Lau ^(Note 1)	91,509,437	8.89	274,528,311	8.89	2,150,470,903	69.63	891,509,437	28.87	891,509,437	48.73		
<i>Parties acting in concert with Ms. Lau</i>												
Hang Sing Overseas Limited ^(Note 2)	7,505,287	0.73	22,515,861	0.73	7,505,287	0.24	7,505,287	0.24	7,505,287	0.41		
Strong Purpose Corporation ^(Note 3)	13,773,554	1.34	41,320,662	1.34	13,773,554	0.45	13,773,554	0.45	13,773,554	0.75		
Glory Add Limited ^(Note 4)	51,249,259	4.98	153,747,777	4.98	51,249,259	1.66	51,249,259	1.66	51,249,259	2.80		
Mr. Chan Shing ^(Note 5)	24,248,642	2.36	75,745,926	2.36	24,248,642	0.79	24,248,642	0.79	24,248,642	1.33		
Ms. Chan ^(Note 6)	15,936,000	1.54	47,808,000	1.54	15,936,000	0.51	15,936,000	0.51	15,936,000	0.87		
Sub-total of Ms. Lau and parties acting in concert with her	204,222,179	19.84	612,666,537	19.84	2,263,183,645	73.28	1,004,222,179	32.52	1,004,222,179	54.89		
<i>Other Directors</i> ^(Note 7)												
Mr. Wu Jingwei ^(Note 8)	8,220,000	0.80	24,660,000	0.80	8,220,000	0.27	8,220,000	0.27	8,220,000	0.45		
Mr. Li Zi Kui ^(Note 8)	2,800,000	0.27	8,400,000	0.27	2,800,000	0.09	2,800,000	0.09	2,800,000	0.15		
Ms. Zhu Xinxin ^(Notes 8 and 9)	1,850,000	0.18	5,550,000	0.18	1,850,000	0.06	1,850,000	0.06	1,850,000	0.10		
Mr. Huang Shenglan ^(Note 8)	110,000	0.01	330,000	0.01	110,000	0.00	110,000	0.00	110,000	0.01		
Mr. Cui Shuming ^(Note 8)	200,000	0.02	600,000	0.02	200,000	0.01	200,000	0.01	200,000	0.01		
Sub-total	13,180,000	1.28	39,540,000	1.28	13,180,000	0.43	13,180,000	0.43	13,180,000	0.72		
Independent places	—	—	—	—	—	—	1,258,961,466	40.76	—	—		
Other public Shareholders	812,078,554	78.88	2,436,235,662	78.88	812,078,554	26.29	812,078,554	26.29	812,078,554	44.39		
Total	1,029,480,733	100.00	3,088,442,199	100.00	3,088,442,199	100.00	3,088,442,199	100.00	1,829,480,733	100.00		

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II. Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date other than the full exercise of conversion rights under the outstanding New Option 1 Bonds on or before the Record Date

Shareholder	Immediately upon the Rights Issue Completion									
	As at the Latest Practicable Date		Assuming full acceptance by all Qualifying Shareholders under the Rights Issue		Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; and (b) all the excess Rights Shares were subscribed for by Ms. Lau		Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; (b) Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking; and (c) all the Untaken Shares were placed to Independent Third Parties under the Placing		Assuming (a) no subscription by the Qualifying Shareholders (other than Ms. Lau) under the Rights Issue; (b) Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking; and (c) no Independent Third Parties took up the Untaken Shares	
							Number of Shares		Number of Shares	
Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	
Ms. Lau ^(Note 1)	91,509,437	8.89	274,528,311	8.29	2,299,050,903	69.42	891,509,437	26.92	891,509,437	46.83
<i>Parties acting in concert with Ms. Lau</i>										
Hang Sing Overseas Limited ^(Note 2)	7,505,287	0.73	22,515,861	0.68	7,505,287	0.23	7,505,287	0.23	7,505,287	0.39
Strong Purpose Corporation ^(Note 3)	13,773,554	1.34	41,320,662	1.25	13,773,554	0.42	13,773,554	0.42	13,773,554	0.72
Glory Add Limited ^(Note 4)	51,249,259	4.98	153,747,777	4.64	51,249,259	1.55	51,249,259	1.55	51,249,259	2.69
Mr. Chan Shing ^(Note 5)	24,248,642	2.36	75,745,926	2.20	24,248,642	0.73	24,248,642	0.73	24,248,642	1.27
Ms. Chan ^(Note 6)	15,936,000	1.54	47,808,000	1.44	15,936,000	0.48	15,936,000	0.48	15,936,000	0.84
Sub-total of Ms. Lau and parties acting in concert with the her	204,222,179	19.84	612,666,537	18.50	2,411,763,645	72.83	1,004,222,179	30.33	1,004,222,179	52.74
<i>Other Directors^(Note 7 and 10)</i>										
Mr. Wu Jingwei ^(Note 8)	8,220,000	0.80	24,660,000	0.74	8,220,000	0.25	8,220,000	0.25	8,220,000	0.43
Mr. Li Zi Kui ^(Note 8)	2,800,000	0.27	8,400,000	0.25	2,800,000	0.08	2,800,000	0.08	2,800,000	0.15
Ms. Zhu Xinxin ^(Notes 8 and 9)	1,850,000	0.18	5,550,000	0.17	1,850,000	0.06	1,850,000	0.06	1,850,000	0.10
Mr. Huang Shenglan ^(Note 8)	110,000	0.01	330,000	0.01	110,000	0.00	110,000	0.00	110,000	0.01
Mr. Cui Shuming ^(Note 8)	200,000	0.02	600,000	0.02	200,000	0.01	200,000	0.01	200,000	0.01
Sub-total	13,180,000	1.28	39,540,000	1.19	13,180,000	0.40	13,180,000	0.40	13,180,000	0.70
Independent places	—	—	—	—	—	—	1,407,541,466	42.50	—	—
Holder of New Option 1 Bond	—	—	222,870,000	6.73	74,290,000	2.24	74,290,000	2.24	74,290,000	3.90
Other public Shareholders	812,078,554	78.88	2,436,235,662	73.58	812,078,554	24.53	812,078,554	24.53	812,078,554	42.66
Total	1,029,480,733	100.00	3,311,312,199	100.00	3,311,312,199	100.00	3,311,312,199	100.00	1,903,770,733	100.00

Notes:

- As at the Latest Practicable Date, Ms. Lau, 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.
- As at the Latest Practicable Date, Hang Sing Overseas Limited was wholly owned by Orient Strength Limited, which was wholly owned by Ms. Lau. Ms. Lau is therefore deemed to be interested in the Shares held by Hang Sing Overseas Limited under the SFO.
- As at the Latest Practicable Date, Strong Purpose Corporation was wholly owned by Ms. Lau and Mr. Chan Shing. Each of Ms. Lau and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Strong Purpose Corporation under the SFO.
- As at the Latest Practicable Date, Glory Add Limited was wholly owned by Favor King Limited, which was wholly owned by Ms. Lau and Mr. Chan Shing. Each of Ms. Lau and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Glory Add Limited under the SFO.
- Mr. Chan Shing is a party acting in concert with Ms. Lau. Please also refer to notes 3 and 4 above for the interest held by entities controlled by Mr. Chan Shing.

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6. Ms. Chan is the daughter of Ms. Lau and an executive Director. By virtue of being a close relative of Ms. Lau, Ms. Chan is presumed to be a party acting in concert with Ms. Lau pursuant to class (8) presumption under the definition of “acting in concert” under the Takeovers Code.
7. The Shares held by the other Directors consist of the Shares held by Directors other than Ms. Chan.
8. Mr. Wu Jingwei, Mr. Li Zi Kui and Ms. Zhu Xinxin are executive Directors, and Mr. Huang Shenglan and Mr. Cui Shuming are independent non-executive Directors. Pursuant to Rule 7.27A(1) of the Listing Rules, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates were required to abstain and had abstained from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.
9. Ms. Zhu Xinxin is a niece of Ms. Lau and a cousin of Ms. Chan and was appointed as an executive Director of the Company with effect from 18 June 2019 by the Board on 18 June 2019 in accordance with bye-law 102(B) of the Company. Ms. Zhu is not a party acting in concert with Ms. Lau.
10. Save for Ms. Chan, each of the Directors had confirmed that he/she is not involved in the discussion and negotiation in respect of the Rights Issue, the Placing, the Set-Off and the Whitewash Waiver.

As illustrated above, assuming (i) there is no change in the issued share capital of the Company; (ii) no Qualifying Shareholder (other than Ms. Lau, who subscribes for the Undertaken Shares) subscribes for any Rights Shares; and (iii) no Placing Shares are successfully placed to independent placees, the shareholding of the existing public Shareholders would be reduced from approximately 78.88% as at the Latest Practicable Date to approximately 44.39% upon the Rights Issue Completion.

Similarly, assuming (i) there is no change in the issued share capital of the Company (other than the full exercise of conversion rights under the New Option 1 Bonds on or before the Record Date); (ii) no Qualifying Shareholder (other than Ms. Lau, who subscribes for the Undertaken Shares) subscribes for any Rights Shares; and (iii) no Placing Shares are successfully placed to independent placees, the shareholding of the existing public Shareholders would be reduced from approximately 78.88% as at the Latest Practicable Date to approximately 42.66% upon the Rights Issue Completion.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company may, depending on the total number of Rights Shares being validly taken up or subscribed (whether by Rights Issue or Placing), be diluted.

ADJUSTMENT TO CONVERSION PRICE OF NEW OPTION 1 BONDS

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, 13 June 2019, 1 November 2019, 4 November 2019, 23 April 2020, 28 April 2020, 27 April 2021 and 3 May 2021 in relation to the New Option 1 Bonds.

Pursuant to the terms and conditions of the New Option 1 Bonds, if the Company shall issue Shares (i) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares or (ii) otherwise than as

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mentioned in (i) above (other than Shares issued on the exercise of the conversion rights under the New Option 1 Bonds or any other rights of conversion into, or exchange or subscription for, Shares), in each case, at less than 95% of the current market price of the Shares (as defined in the terms and conditions of the New Option 1 Bonds) on the date of announcement of the terms of such issue, the conversion price of the New Option 1 Bonds (the “**New Option 1 Bonds Conversion Price**”) shall be adjusted pursuant to the terms and conditions of the New Option 1 Bonds.

Further announcement(s) in relation to the adjusted New Option 1 Bonds Conversion Price and the additional number of Shares that will be issued upon conversion of all the outstanding New Option 1 Bonds based on the adjusted New Option 1 Bonds Conversion Price will be made by the Company as and when appropriate in compliance with the Listing Rules.

WARNING OF THE RISKS OF DEALING IN SHARES

The Shares have been dealt in on an ex-rights basis from 12 May 2021. Dealings in the nil-paid Rights Shares are expected to take place from 9:00 a.m. on Tuesday, 25 May 2021 to 4:00 p.m. on Tuesday, 1 June 2021 (both days inclusive). Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, conditions set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be 4:00 p.m. on the Rights Issue Settlement Date, will bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares is advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

GENERAL

If you have questions in relation to the Rights Issue, please address your questions to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than Hong Kong public holidays).

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I, Appendix II and Appendix III to this Prospectus.

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

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Prospectus the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement of the Group as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2018, 2019 and 2020 together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information. The audited consolidated financial statements of the Group for each of the years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk/>) and the Company (<http://www.chinalotsynergy.com>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019, from pages 47 to 136 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904291144.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 30 June 2020, from pages 54 to 144 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0630/2020063000926.pdf>); and
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the 2020 Annual Report published on 28 April 2021, from pages 57 to 152 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042801315.pdf>).

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2018, 2019 and 2020 as extracted from the relevant annual reports of the Company.

	For the year ended 31 December 2018 HK\$'000 (Audited)	For the year ended 31 December 2019 HK\$'000 (Audited)	For the year ended 31 December 2020 HK\$'000 (Audited)
Revenue	183,927	154,354	118,563
Gross profit	95,941	61,492	27,515
Share option expenses	(13,237)	(5,065)	—
Loss before income tax	(153,860)	(546,345)	(630,445)
Income tax (expense)/credit	<u>(8,861)</u>	<u>(3,755)</u>	<u>6,527</u>
Loss for the year	(162,721)	(550,100)	(623,918)
(Loss)/Profit for the year attributable to:			
Owners of the Company	(169,468)	(518,793)	(573,971)
Non-controlling interests	6,747	(31,307)	(49,947)
Total comprehensive expense for the year attributable to:			
Owners of the Company	(191,095)	(526,765)	(326,641)
Non-controlling interests	(8,436)	(36,363)	(36,578)

HLB Hodgson Impey Cheng Limited, the auditors of the Company, noted in its independent auditors' reports for FY2019 and FY2020, the relevant extracts of which are set out in the annual report of the Company for FY2019 and the 2020 Annual Report, respectively, that the consolidated financial statements of the Group indicated the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The opinion of the auditors in respect of FY2019 and FY2020 is not modified in respect of this matter.

Relevant extracts of the independent auditors' reports for FY2019 and FY2020 as set out in the annual report of the Company for FY2019 and the 2020 Annual Report are reproduced below:

FY2019

“We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$550,100,000 during the year ended 31 December 2019 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$168,122,000. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

FY2020

“We draw attention to Note 2.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$623,918,000 during the year ended 31 December 2020 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$241,971,000. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

The relevant parts of Note 2.1 to the consolidated financial statements of the Group for FY2020 as referred to in the auditor’s note above are also extracted below for information purpose:

“In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately HK\$623,918,000 for the year ended 31 December 2020 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$241,971,000. These current liabilities included amount due to a shareholder amounting to approximately HK\$56,880,000, amounts due to directors amounting to approximately HK\$19,703,000 and bank borrowings amounting to approximately HK\$212,793,000 and convertible bonds that will be due in the coming twelve months amounting to approximately HK\$137,205,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as going concern.

In view of such circumstances, the directors of the Company have taken the following measures to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Group has been actively negotiating with the relevant bank for renewal of the revolving bank borrowings with outstanding principal amount of HK\$212,000,000 that are secured by the Group’s property located in Hong*

Kong. Taking into account the fair value of the pledged property in the amount of HK\$346,000,000 as at 28 February 2021, the directors believe that the Group will be able to renew the aforementioned banking facilities;

- (b) The Group has also been actively negotiating with various banks and persons or institutions providing finance to obtain additional new credit facilities. Subsequent to the end of the Reporting Period, the Group successfully obtained new loan facilities in Hong Kong dollars of up to HK\$78,000,000 and Renminbi of up to RMB90,000,000 (equivalent to approximately HK\$107,015,000) from Independent Third Parties;*
- (c) In relation to a loan from a Shareholder in the principal amount of HK\$50,000,000 that matured on 20 January 2021, the Group entered, on the same date as the aforementioned maturity date, into a supplemental loan agreement with the Shareholder to extend the maturity date from 20 January 2021 to 20 January 2022;*
- (d) Subsequent to the end of the Reporting Period, the Group has obtained written confirmation from the Shareholder mentioned in (c) above that she will not demand the Group for repayment of another loan with principal amount of HK\$6,500,000 and its accrued interest in the 18 months from 24 March 2021;*
- (e) Subsequent to the end of the Reporting Period, the Group has obtained written confirmations from the relevant directors to confirm that they will not demand the Group for repayment of the outstanding principals in the total amount of approximately HK\$19,537,000 and accrued interest in the next 18 months from 24 March 2021;*
- (f) On 16 February 2021, the Group proposed to raise gross proceeds of up to approximately HK\$220,750,000 by issuing up to 2,207,541,466 Rights Shares on the basis of two Rights Shares for every one existing Share at the Subscription Price of HK\$0.10 per Rights Share;*
- (g) The Group has implemented measures to speed up the collection of outstanding accounts receivable. With reference to a civil judgment received from the Supreme People's Court of the PRC on 25 March 2021, the directors believe that the Group will be able to collect the outstanding accounts receivable of approximately RMB54,836,000 (equivalent to approximately HK\$65,203,000) due from Beijing China Lottery Online Technology Company Limited before 31 December 2021;*
- (h) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.*

The directors are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within 12 months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements of FY2020 on a going concern basis.”

Save as disclosed above, no modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor’s reports of the Company issued by HLB Hodgson Impey Cheng Limited for each of the years ended 31 December 2018, 2019 and 2020. For each of the three years ended 31 December 2018, 2019 and 2020, no dividend was declared or paid.

Save as disclosed above, the Group had no other material income or expense for the years ended 31 December 2018, 2019 and 2020.

2. WORKING CAPITAL

Taking into account the financial resources available to the Group, including the presently available credit facilities and the estimated net proceeds from the Rights Issue and the Placing, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements for at least twelve months from the date of this Prospectus.

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

(a) Bank borrowings

The Group had secured and guaranteed bank borrowings of approximately HK\$208,500,000 which were secured by (i) the Group’s owned property and related leasehold land with a carrying amount of approximately HK\$346,000,000 as at 30 April 2021; and (ii) a personal guarantee provided by a director of the Company.

(b) Amounts due to a shareholder

The Group had an unsecured and unguaranteed amount of approximately HK\$56,500,000 due to a shareholder of the Company.

(c) Amounts due to directors

The Group had unsecured and unguaranteed amounts of approximately HK\$20,012,000 due to certain Directors.

(d) Convertible bonds

The Group had unsecured and unguaranteed convertible bonds of approximately HK\$148,580,000 at a principal amount of HK\$148,580,000.

(e) Lease liabilities

The Group had lease liabilities of approximately HK\$16,594,000.

(f) Contingent liabilities

The Group did not have any material contingent liabilities.

Save as disclosed in this section headed “Indebtedness Statement” in this appendix, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have:

- (i) any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, which were guaranteed, unguaranteed, secured or unsecured;
- (ii) any mortgages and charges; or
- (iii) any contingent liabilities or guarantees.

4. MATERIAL ADVERSE CHANGE

As disclosed in the section headed “5. Material Litigation” in Appendix III to this Prospectus, the 2020 Annual Report and the Company’s announcement dated 25 March 2021, on 25 March 2021, the Company received a civil judgment dated 31 December 2020 from the Supreme People’s Court of the PRC which ordered that, among others, CLO is required to pay to DGTY a sum of RMB54,835,734.43 with interest at a rate for the identical kind of loans published by the People’s Bank of China accrued from 15 July 2015 to the date of payment. As at the Latest Practicable Date, DGTY had not yet received the aforementioned payment sum from CLO.

Save as disclosed above, there was no material adverse change in the financial or trading position or outlook of the Group subsequent to 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECT

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

As set out in the 2020 Annual Report, the Group recorded a decrease of revenue from approximately HK\$154.35 million for the year ended 31 December 2019 to approximately HK\$118.56 million for the year ended 31 December 2020, which was caused by the decrease in sales of lottery terminals and related equipment and the decrease in lease income from operating leases as a result of the COVID-19 pandemic.

Nevertheless, in order to improve the financial performance of the Group, the Group will continue to deploy efforts in promoting the internationalisation of lottery while rooting in China and explore other business opportunities with a higher profit margin so as to develop a more diverse business model.

The COVID-19 pandemic and policy adjustment dragged down the sales of China's lottery in 2019. The lottery industry became even more hard-hit when sales tumbled in 2020. In the past two years, Chinese lottery has been shifting from simply pursuing sales volume and speed to quality and overall social benefits, with special emphasis on building up and carrying out responsible lottery so as to foster a healthy ecosystem. There is a need for adjusted policies with a combination of intervention and guidance to encourage the lottery industry's product innovation and model innovation amidst the normalization of the COVID-19 pandemic against the backdrop of the shutting down of extensive lottery channels which took three decades to build up, a drastic drop in the public welfare fund, illegal lottery and the popularisation of online gambling and mobile games. The lottery is best for paperless, electronic, dispersed and mobile consumption. Lottery sales via the Internet and mobile should be attempted and existing physical lottery stores should be transformed through artificial intelligence and new retail in a way that enhances user experience and encourages a new stratum of lottery players. With its continuous investment and in-depth understanding of the lottery industry for more than a decade, the Group will bring its edges together and look for a wide range of cooperation opportunities in terms of sales channels, core systems, gaming products, lottery security, among others, and contribute to the development of a responsible, reliable, healthy and sustainable China's lottery ecosystem.

Meanwhile, health food has received rising attention due to the COVID-19 pandemic. Tian Ran Lin Chang Food Limited has been adhering to the beliefs of natural and healthy products with all of its products having obtained China Forest Food Certifications and gaining more consumer recognition. Furthermore, the Company has entered into a "Strategic Cooperation Agreement on Development of Ecotourism Spots in China" with China Eco Development Association on 4 January 2021, pursuant to which the two parties intend to establish a comprehensive strategic partnership to develop the ecotourism business in China. The Company expects that China's ecotourism will benefit from the new market development opportunities arising from the opening of high-speed rail across China and the new development pattern in which the domestic economic cycle plays a leading role. The Company believes that entering into the aforesaid agreement would enable the Group to utilise the respective resource advantages of both parties and cooperate more efficiently in the construction of ecotourism service system and related businesses.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020 or at any future date immediately after the Rights Issue Completion.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 December 2020 as extracted from the Group’s published annual report for the year ended 31 December 2020 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2020.

	Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2020 <i>HK\$’000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$’000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Rights Issue Completion <i>HK\$’000</i>
Based on 800,000,000 Rights Shares to be issued <i>(Note 2)</i>	<u>(153,110)</u>	<u>73,500</u>	<u>(79,610)</u>
Based on 2,058,961,466 Rights Shares to be issued <i>(Note 3)</i>	<u>(153,110)</u>	<u>199,396</u>	<u>46,286</u>
Based on 2,207,541,466 Rights Shares to be issued <i>(Note 4)</i>	<u>(153,110)</u>	<u>214,254</u>	<u>61,144</u>

Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share as at 31 December 2020 (<i>Note 5</i>)	<u>HK\$(0.15)</u>
Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion based on 1,829,480,733 Shares in issue (<i>Note 6</i>)	<u>HK\$(0.04)</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion based on 3,088,442,199 Shares in issue (<i>Note 7</i>)	<u>HK\$0.01</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion based on 3,311,312,199 Shares in issue (<i>Note 8</i>)	<u>HK\$0.02</u>

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2020 is based on the audited consolidated net liabilities of the Group attributable to the owners of the Company as at 31 December 2020 of approximately HK\$91,058,000 as extracted from the audited consolidated statement of financial position of the Group as at 31 December 2020 as set out in the Group's published annual report for the year ended 31 December 2020 after deducting intangible assets of approximately HK\$62,052,000 which represents the intangible assets of the Group as at 31 December 2020 amounted to approximately HK\$63,292,000 as extracted from the audited consolidated statement of financial position of the Group as at 31 December 2020 as set out in the Group's published annual report for the year ended 31 December 2020 after deducting the portion held by non-controlling interests of approximately HK\$1,240,000.

2. The substantial shareholder, Ms. Lau, has in an aggregate of 91,509,437 Shares as at the date of this Prospectus. She has irrevocably undertaken to accept in full 183,018,874 Rights Shares to be provisionally allotted to her and apply for no less than 616,981,126 excess Rights Shares.

The estimated net proceeds from the Rights Issue of approximately HK\$73,500,000 are based on the gross proceeds of approximately HK\$80,000,000 (assuming only Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking) from the issue of 800,000,000 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share, less estimated related expenses of approximately HK\$6,500,000.

3. The estimated net proceeds from the Rights Issue of approximately HK\$199,396,000 are based on the gross proceeds of approximately HK\$205,896,000 (assuming all Shareholders have taken up the Rights Shares, no conversion rights under the outstanding New Option 1 Bonds are exercised and no other issue of Shares on or before the Record Date) from the issue of 2,058,961,466 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share, less estimated related expenses of approximately HK\$6,500,000.

4. The estimated net proceeds from the Rights Issue of approximately HK\$214,254,000 are based on the gross proceeds of approximately HK\$220,754,000 (assuming all Shareholders have taken up the Rights Shares, the conversion rights under the outstanding New Option 1 Bonds are exercised in full and no other issue of Shares on or before the Record Date) from the issue of 2,207,541,466 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share, less estimated related expenses of approximately HK\$6,500,000.
5. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share as at 31 December 2020 is calculated based on the consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2020 of approximately HK\$153,110,000 as set out in note 1 above divided by 1,029,480,733 Shares in issue as at 31 December 2020.
6. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion is calculated based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company immediately after the Rights Issue Completion of approximately HK\$79,610,000 and 1,829,480,733 Shares, comprising 1,029,480,733 Shares in issue as at 31 December 2020 and 800,000,000 Rights Shares to be issued (assuming only Ms. Lau subscribes for the Undertaken Shares pursuant to the Irrevocable Undertaking).
7. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Rights Issue Completion of approximately HK\$46,286,000 and 3,088,442,199 Shares, comprising 1,029,480,733 Shares in issue as at 31 December 2020 and 2,058,961,466 Rights Shares to be issued (assuming all Shareholders have taken up the Rights Shares, no conversion rights under the outstanding New Option 1 Bonds are exercised and no other issue of Shares on or before the Record Date).
8. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the Rights Issue Completion is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Rights Issue Completion of approximately HK\$61,144,000 and 3,311,312,199 Shares, comprising 1,029,480,733 Shares in issue as at 31 December 2020, 74,290,000 Shares converted from the outstanding New Option 1 Bonds and 2,207,541,466 Rights Shares to be issued (assuming all Shareholders have taken up the Rights Shares, the conversion rights under the outstanding New Option 1 Bonds are exercised in full and no other issue of Shares on or before the Record Date).
9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group prepared for the purpose of inclusion in this Prospectus.



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CHINA ECOTOURISM GROUP LIMITED (FORMERLY
KNOWN AS CHINA LOTSYNERGY HOLDINGS LIMITED)**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Ecotourism Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2020 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 21 May 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the rights issue on the basis of two rights shares for every one existing share held on the record date (the “**Rights Issue**”) on the Group's financial position as at 31 December 2020 as if the Rights Issue had taken place at 31 December 2020. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated financial statements for the year ended 31 December 2020, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 21 May 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

(a) As at the Latest Practicable Date

	Nominal value per Share	Number of Shares
Authorised:	HK\$0.025	5,000,000,000
Issued and fully paid:	HK\$0.025	1,029,480,733

(b) Immediately following the Rights Issue Completion and the Increase in Authorised Share Capital (assuming (i) no change in the number of issued Shares from the Latest Practicable Date up to and including the Record Date; and (ii) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

	Nominal value per Share	Number of Shares
Authorised:	HK\$0.025	5,000,000,000
Issued and fully paid:	HK\$0.025	3,088,442,199

All issued Shares rank equally in all respects with each other, including, rights to dividends, voting rights and return of capital.

Since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, the Company had not issued nor agreed to issue any new Shares (other than the Rights Shares and the Placing Shares).

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares and the Placing Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or the Placing Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

The Rights Shares and the Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares then in issue. Holders of fully-paid Rights Shares and the Placing Shares (as the case may be) will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of issue of the Rights Shares and the Placing Shares (as the case may be).

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

Save for the New Option 1 Bonds, as at the Latest Practicable Date, the Company did not have any outstanding convertible securities, options (including any share options) or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares or any agreement or arrangement to issue Shares.

As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and chief executives of the Company in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO);

(ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; and (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Personal Interests	Number of Shares held			Total	Percentage of issued share capital of the Company
		Family Interests	Corporate Interest	Other Interest		
Ms. CHAN Tan Na, Donna	15,936,000 (L)	—	—	—	15,936,000 (L)	1.55
Mr. WU Jingwei	8,220,000 (L)	—	—	—	8,220,000 (L)	0.80
Mr. LI Zi Kui	2,800,000 (L)	—	—	—	2,800,000 (L)	0.27
Ms. ZHU Xinxin	1,850,000 (L)	—	—	—	1,850,000 (L)	0.18
Mr. HUANG Shenglan	110,000 (L)	—	—	—	110,000 (L)	0.01
Mr. CUI Shuming	200,000 (L)	—	—	—	200,000 (L)	0.02

Note: “L” denotes long position.

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is deemed or taken to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; and (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Name of Shareholder	Personal Interests	Number of Shares held			Total	Percentage of issued share capital of the Company
		Family Interests	Corporate Interest	Other Interest		
Ms. LAU ^{Note 1}	91,509,437 (L)	—	72,528,100 (L)	—	164,037,537 (L)	15.93%
Mr. CHAN Shing ^{Note 2}	24,248,642 (L)	—	65,022,813 (L)	—	89,271,455 (L)	8.67%
BFAM Partners (Cayman) Limited ^{Note 3}	—	—	74,290,000 (L)	—	74,290,000 (L)	7.22%
Fuchs Benjamin Aaron ^{Note 3}	—	—	74,290,000 (L)	—	74,290,000 (L)	7.22%
Tencent Holdings Limited ^{Note 4}	—	—	59,403,451 (L)	—	59,403,451 (L)	5.77%

Notes:

- Ms. LAU was interested in a total of 164,037,537 Shares, comprising 91,509,437 Shares directly held by Ms. LAU, 7,505,287 Shares held by Hang Sing Overseas Limited, 13,773,554 Shares held by Strong Purpose Corporation and 51,249,259 Shares held by Glory Add Limited. Hang Sing Overseas Limited is wholly-owned by Orient Strength Limited, which is wholly owned by Ms. LAU. Ms. LAU is therefore deemed to be interested in the Shares held by Hang Sing Overseas Limited under the SFO. Strong Purpose Corporation is wholly owned by Ms. LAU and Mr. CHAN Shing. Each of Ms. LAU and Mr. CHAN Shing is therefore deemed to be interested in the Shares held by Strong Purpose Corporation under the SFO. Glory Add Limited is wholly owned by Favor King Limited, which is wholly owned by Ms. LAU and Mr. CHAN Shing. Each of Ms. LAU and Mr. CHAN Shing is therefore deemed to be interested in the Shares held by Glory Add Limited under the SFO.
- Mr. CHAN Shing was interested in a total of 89,271,455 Shares, comprising 24,248,642 Shares directly held by Mr. CHAN Shing, 13,773,554 Shares held by Strong Purpose Corporation and 51,249,259 Shares held by Glory Add Limited. Strong Purpose Corporation is wholly owned by Ms. LAU and Mr. CHAN Shing. Each of Ms. LAU and Mr. CHAN Shing is therefore deemed to be interested in the Shares held by Strong Purpose Corporation under the SFO. Glory Add Limited is wholly owned by Favor King Limited, which is wholly owned by Ms. LAU and Mr. CHAN Shing. Each of Ms. LAU and Mr. CHAN Shing is therefore deemed to be interested in the Shares held by Glory Add Limited under the SFO.
- BFAM Partners (Cayman) Limited indirectly held the New Option 1 Bonds in the outstanding principal amount of HK\$148,580,000, which are convertible into 74,290,000 Shares upon full conversion at the current conversion price of HK\$2.00 per Share. Based on the disclosure of interests form filed by BFAM Partners (Cayman) Limited and Benjamin Aaron Fuchs on 17 May 2021, the outstanding New Option 1 Bonds were directly held by BFAM Asian Opportunities Master Fund, L.P., which was owned by BFAM Asian Opportunities Fund Limited as to 83.60% and controlled by BFAM Asian Opportunities Master GP Limited. Both BFAM Asian

Opportunities Fund Limited and BFAM Asian Opportunities Master GP Limited were wholly owned by BFAM Partners (Cayman) Limited, which was in turn wholly owned by Benjamin Aaron Fuchs.

4. Tencent Holdings Limited was deemed to be interested in a total of 59,403,451 Shares held by its wholly-owned subsidiary Hongze Lake Investment Limited under the SFO.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

(c) Directors' role in substantial shareholders

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL LITIGATION

The Group is involved in the DGTU Litigation. The DGTU Litigation is a civil action filed by DGTU, a subsidiary of the Company, with the People's High Court of Beijing in relation to the payment for continued use of terminals for Welfare VLT terminals by CLO, an Independent Third Party, after the expiry of the relevant supply contract. On 25 March 2021, the Company received a civil judgment dated 31 December 2020 from the Supreme People's Court of the PRC which ordered that, among others, CLO is required to pay to DGTU a sum of RMB54,835,734.43 with interest at a rate for the identical kind of loans published by the People's Bank of China accrued from 15 July 2015 to the date of payment. As at the Latest Practicable Date, DGTU had not yet received the aforementioned payment sum from CLO.

Save for the DGTU Litigation, as at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR'S INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which had been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. EXPERT'S QUALIFICATION AND CONSENT

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this Prospectus:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of its letters, reports and/or opinion in the form and context in which it is included and the references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interests, directly or indirectly, in any assets which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, acquired, disposed of by or leased to any member of the Group, or were proposed to be acquired, disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

Save for the contracts set out below, no contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

- (a) a share transfer agreement dated 12 August 2019 entered into among Capital Way Financial Holdings Limited, an indirect wholly-owned subsidiary of the Company (as purchaser), Mr. Hai Shixun (as vendor) and Qing Yu International Holding Limited (as target company) in relation to the acquisition of the entire issued share capital of Qing Yu International Holding Limited for a consideration of HK\$9,000,000, details of which are set out in the announcements of the Company dated 12 August 2019 and 30 August 2019;
- (b) a bondholder letter agreement dated 1 November 2019 entered into between the Company and the holder of the New Option 1 Bonds in relation to certain amendments to the terms and conditions of the New Option 1 Bonds, including the maturity date, details of which are set out in the announcement of the Company dated 1 November 2019;
- (c) the Second Supplemental Trust Deed;
- (d) a bondholder letter agreement dated 23 April 2020 entered into between the Company and the holder of the New Option 1 Bonds in relation to certain amendments to the terms and conditions of the New Option 1 Bonds, details of which are set out in the announcement of the Company dated 23 April 2020;
- (e) the Third Supplemental Trust Deed;
- (f) a provisional agreement for sale and purchase 18 June 2020 entered into between Wide Perfect Limited, an indirect wholly-owned subsidiary of the Company (as vendor) and Ms. Chan Kam Chi (as purchaser) in relation to the sale and purchase of a property for a consideration of HK\$44,380,000, details of which are set out in the announcement of the Company dated 18 June 2020;
- (g) a subscription agreement dated 9 October 2020 entered into between the Company (as issuer) and Ms. Lau (as subscriber) in relation to the subscription of 8% convertible bonds due 2021 in the principal amount of HK\$50,000,000, the details of which are disclosed in the announcement of the Company dated 9 October 2020;
- (h) a termination deed dated 20 January 2021 entered into between the Company (as issuer) and Ms. Lau (as subscriber) in relation to the termination of the subscription agreement referred to in (i) above;
- (i) the Set-Off Deed;
- (j) the Placing Agreement;

(k) a bondholder letter agreement dated 27 April 2021 entered into between the Company and the holder of the New Option 1 Bonds in relation to certain amendments to the terms and conditions of the New Option 1 Bonds, including the maturity date and repayment date, details of which are set out in the announcement of the Company dated 27 April 2021; and

(l) the Fourth Supplemental Trust Deed.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

Ms. CHAN Tan Na, Donna
 Mr. WU Jingwei
 Mr. LI Zi Kui
 Ms. ZHU Xinxin
 Mr. HUANG Shenglan
 Mr. CHAN Ming Fai
 Mr. CUI Shuming

Principal banker

The Hongkong and Shanghai Banking Corporation Limited
 1 Queen's Road Central, Hong Kong

Industrial Bank Co. Ltd., Hong Kong Branch
 10-12/F, One International Finance Centre
 1 Harbour View Street, Central
 Hong Kong

Authorised representatives of the Company

Ms. CHAN Tan Na, Donna
 Unit 3308, 33/F., Office Tower, Convention Plaza
 1 Harbour Road, Wan Chai
 Hong Kong

Mr. WONG Hiu Wong
 Unit 3308, 33/F., Office Tower, Convention Plaza
 1 Harbour Road, Wan Chai
 Hong Kong

Legal advisers to the Company	<i>As to Hong Kong law</i> Baker & McKenzie 14th Floor, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong SAR
	<i>As to Bermuda law</i> Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Financial adviser to the Company	Luk Fook Capital (HK) Limited Units 2201–2207 & 2213–2214, 22/F Cosco Tower 183 Queen's Road Central, Hong Kong
Auditor	HLB Hodgson Impey Cheng Limited 31/F, Gloucester Tower, The Landmark 11 Pedder Street, Central Hong Kong

11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

(a) Directors

Ms. CHAN Tan Na, Donna

Board's Chairperson, Executive Director and Chief Executive Officer

Ms. Chan, aged 40, joined the Group in 2012, and is currently the Board's Chairperson, an Executive Director and Chief Executive Officer of the Company. Ms. Chan is responsible for planning and leading the implementation of the Group's overall strategies for operational development. She holds a Bachelor's degree in Economics and Finance from the University of Hong Kong and a Master's degree in Economics from Boston University, USA. She is a qualified Chartered Financial Analyst (CFA). From 2005 to early 2012, Ms. Chan held positions at Deutsche Bank's Corporate Finance department and Atlantis Investment Management (Hong Kong) Limited, where she was involved in several initial public offerings, share placements, mergers and acquisitions, and bond issuances. In her capacity as a fund manager, she was in charge of equity investments in listed and unlisted companies in the Greater China region.

WU Jingwei

Executive Director and President

Mr. Wu, aged 49, joined the Group in 2007, and is currently an Executive Director and the President of the Company. Mr. Wu assists the Board's Chairperson in planning and leading the implementation of the Group's overall strategies for development. Mr. Wu has overall responsibilities for the operations and management of the Group's lottery business with extensive experience in leading the Welfare VLT business, computer-generated ticket games business, video lottery business and new media lottery business. Mr. Wu has over twenty years of experience in information technology. Prior to joining the Group, Mr. Wu had held senior management positions in PKU Founder Group and Hisense Group. Mr. Wu holds a Bachelor's degree in Mechanical Engineering from Beijing Technology and Business University.

LI Zi Kui

Executive Director, Senior Vice President and General Manager of CTG Business Unit

Mr. Li, aged 56, joined the Group in 2011, and is currently an Executive Director, Senior Vice President of the Group and General Manager of CTG Business Unit of the Company. Mr. Li has over thirty years of solid management experience in the information technology sector. He had been engaged in the China Welfare lottery space as a chief engineer with technical management responsibility for nearly twenty years, gaining extensive experience with proven track record in various lottery segments including video lottery, computer ticket game and instant lottery. Mr. Li holds an EMBA from Beijing Institute of Technology.

ZHU Xinxin

Executive Director, Senior Vice President and Director of the Group's Human Resource and Administrative Department

Ms. Zhu, aged 41, joined the Group in 2008. She is currently an Executive Director, the Senior Vice President of the Group and Director of the Group's Human Resource and Administrative Department. Ms. Zhu had been the operation manager of Protiviti Independent Risk Consulting, China, a global business consulting and internal audit firm. Ms. Zhu had also worked in Accenture, a global leading management consulting, information technology services and outsourcing company. At Accenture, she participated in various projects including the CNOOC SAP implementation project, Robert Half International PeopleSoft Implementation project and BP Finance & Accounting Outsourcing project. Ms. Zhu holds a Bachelor's degree in Business and Finance from the University of Westminster and a Master's degree in Development Finance from the University of Manchester. Ms. Zhu also holds the Chief Human Resource Officer certificate, conducted by the Business School at Renmin University of China and ILR School at Cornell University.

HUANG Shenglan

Independent Non-executive Director

Mr. Huang, aged 69, joined the Group in 2002, and is currently an Independent Non-executive Director of the Company. Mr. Huang was an executive director and the deputy governor of China Everbright Bank, Head Office and was an executive director and the general manager of China Everbright Technology Limited. Mr. Huang holds a Diploma in Arts from Huazhong Normal University and in International Economics from Huadong Normal University and a certificate in International Economic Law from Xiamen University and in Advanced Management Programme from the Harvard Business School, USA. Mr. Huang is also a non-executive director of Burwill Holdings Limited and a non-executive director of China Fortune Investments (Holding) Limited, which are listed companies in Hong Kong.

CHAN Ming Fai*Independent Non-executive Director*

Mr. Chan, aged 59, joined the Group in 2006, and is currently an Independent Non-executive Director of the Company. Mr. Chan is currently an independent business consultant. Prior to that, he was the chief executive officer of Full Seas Technology Group and the president of Dandelion Capital Group, which is a private financial advisory company. He has over thirty years of experience in investment banking and asset management. Mr. Chan had worked for Jardine Fleming Investment Management with a major responsibility to market unit trusts and asset management products in Hong Kong and subsequently in various Asian markets, and was particularly instrumental in the establishment of Jardine Fleming's investment trust operation in Japan, Korea and Indonesia. Mr. Chan also co-founded the KGI Group, which is a pan-Asian investment bank with shareholders including major investors and institutions in Asia, where he was the head of the asset management operation, which managed about USD400 million in hedge funds and other investment portfolios, and was also a member of the management committee of KGI Group. Mr. Chan holds a Bachelor's degree in Social Sciences with a major in Economics from the University of Hong Kong. Mr. Chan is currently a non-executive director of Windmill Group Limited, a listed company in Hong Kong. Mr. Chan was an independent non-executive director of Burwill Holdings Limited from October 2011 to December 2018 and a non-executive director of Alita Resources Limited from December 2018 to July 2019.

CUI Shuming*Independent Non-executive Director*

Mr. Cui, aged 83, joined the Group in 2008, and is currently an Independent Non-executive Director of the Company. Mr. Cui graduated from Renmin University of China. He was the deputy head of the Bank of China, Jiangsu branch, the executive director of The National Commercial Bank, Ltd. and the general manager of its Hong Kong branch, a director and the executive vice president of The Ka Wah Bank Limited and an independent non-executive director of two listed companies in Hong Kong, namely, Cheung Tai Hong Holdings Limited (currently known as ITC Properties Group Limited) and Wah Sang Gas Holdings Limited. Mr. Cui is currently an independent non-executive director of Yue Da Mining Holdings Limited, a listed company in Hong Kong. He has over forty years of experience in international finance and corporate planning and management. Mr. Cui was an independent non-executive director of Burwill Holdings Limited from 1998 to October 2019.

(b) Senior management***LAN Jianzhang***

Senior Vice President and General Manager of New Type Lottery Business Unit

Mr. Lan, aged 49, joined the Group in 2009. He is currently the Senior Vice President of the Group and General Manager of New Type Lottery Business Unit. Mr. Lan previously held a senior position at China Lottery Online Technology Co., Ltd, and was responsible for the strategy, product and business development. He has extensive and proven experience in the lottery industry including video lottery segment. Mr. Lan has over twenty years' experience in the information technology and internet sector. He previously held management positions at leading companies in the sector including the PKU Founder Group, where he was responsible for the development of high-end information technology and household appliances. Mr. Lan holds a Bachelor's degree from Beijing University of Aeronautics & Astronautics, a Master's degree in Physics from Chinese Academy of Sciences, and an EMBA from Beijing Institute of Technology.

HE Ying

Senior Vice President and General Manager of Mobile and Internet Services Business Unit

Ms. He, aged 51, joined the Group in 2007. She is currently the Senior Vice President of the Group, General Manager of Mobile and Internet Services Business Unit and General Manager of the Marketing Department. Ms. He had been the general manager of the marketing department at Founder Technology Group Corporation and vice general manager at Hisense Cyber Product Limited. Ms. He has been engaged in the information technology industry for twenty years, and has extensive experience in marketing and corporate management. Ms. He holds a Bachelor's degree in Computer Science from the Beijing University of Technology.

WU Yunsong

Vice President

Mr. Wu, aged 53, joined the Group in 2008. He is currently the Vice President of the Group. Mr. Wu has over twenty years of management experience in research and development, manufacturing, quality control and operating of the information products and digital products. He was a vice general manager of Dongguan Founder Information Equipment Manufacturing Limited and Shenzhen Founder Digital Technology Limited. Mr. Wu holds a Bachelor's degree in Irrigation and Drainage Engineering Professional from Chengdu University of Science and Technology (now renamed Sichuan University).

JI Youjun

Vice President and the General Manager of the Group's Technology Management Center

Mr. Ji, aged 48, joined the Group in 2007. He is currently the Vice President of the Group and the General Manager of the Group's Technology Management Center. Mr. Ji had been the head of household product development at Founder Technology Group Corporation and vice general manager at Hisense Cyber Product Limited. Mr. Ji has extensive experience in the development and management of information technology software and hardware products. He holds a Bachelor's degree in Mechanical Engineering and Manufacturing from Harbin University of Science and Technology.

TAN Yung Kai, Richard

Chief Financial Officer

Mr. Tan, aged 48, joined the Group in 2000. He is currently the Chief Financial Officer, responsible for the overall financial accounting of the Group. Mr. Tan has over twenty years of experience in the audit and the accounting fields. He had worked for Deloitte Touche Tohmatsu, an international accounting firm involved in the various auditing and due diligence activities. He holds a Bachelor's degree in Commerce from McGill University, Canada and a Master's degree in Corporate Finance from the Hong Kong Polytechnic University. Mr. Tan is a member of the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

WONG Hiu Wong

Company Secretary

Mr. Wong, aged 37, joined the Group in 2009. He is currently the Company Secretary, taking part in the corporate exercise and business operation of the Group with respect to ensuring compliance and risk management, leading a professional team overseeing the Group's corporate governance, and is responsible for group policies formation and corporate structure planning. He is a senior management member of the Group. Mr. Wong is an associate member of both The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. He holds a Bachelor's degree in Business from LSE, the University of London and a Master's degree in Corporate Governance and Directorship from the Hong Kong Baptist University.

(c) Addresses of the Directors and senior management of the Company

The business address of each of the Directors and the senior management of the Company listed above is Unit 3308, 33/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

12. EXPENSES

The estimated expenses in relation to the Rights Issue to be borne by the Company will amount to approximately HK\$6.50 million.

13. LEGAL EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

14. MISCELLANEOUS

- (a) The English text of this Prospectus shall prevail over the Chinese text in case of inconsistency.
- (b) The company secretary of the Company is Mr. Wong Hiu Wong, who is an associate member of both The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries.
- (c) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (d) The principal place of business of the Company in Hong Kong is at Unit 3308, 33/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.
- (e) The correspondence address of Ms. Lau is Unit 3308, 33/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, and the written consent of the expert referred to in section headed “Expert’s Qualification and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (WUMP) Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Unit 3308, 33/F., Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong during normal business hours (9:00 a.m. to 5:00 p.m.) on any Business Day for a period of 14 days from the date of this Prospectus:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2019 and 2020;
- (c) the report on the unaudited pro forma financial information of the Group in respect of the Rights Issue from HLB Hodgson Impey Cheng Limited as set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the section headed “Expert’s Qualification and Consent” in this appendix;
- (e) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (f) the Circular; and
- (g) this Prospectus.