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**China Ecotourism Group Limited**  
**中國生態旅遊集團有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1371)**

**PROPOSED AMENDMENTS TO THE TERMS  
AND CONDITIONS OF CONVERTIBLE BONDS**

**BONDHOLDER LETTER AGREEMENT**

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

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

## **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

As at the date of this announcement and since the date of issue of the New Option 1 Bonds, no Conversion Shares have been issued. Based on the Conversion Price and assuming full conversion of the New Option 1 Bonds, an aggregate of 72,402,366 Conversion Shares will be issued by the Company, representing approximately 2.34% of the issued share capital of the Company as at the date of this announcement, and approximately 2.29% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the New Option 1 Bonds (assuming there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the New Option 1 Bonds). The Conversion Shares will be issued pursuant to the 2021 General Mandate.

## **APPLICATION FOR LISTING**

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

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to the requirements under the Listing Rules.

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

## **INTRODUCTION**

This announcement is made by the Company pursuant to Rule 28.05 of the Listing Rules. Reference is made to the announcements of the Company dated 10 March 2017, 16 March 2017, 24 March 2017, 7 April 2017, 7 November 2017, 26 April 2018, 22 March 2019, 28 March 2019, 1 November 2019, 4 November 2019, 23 April 2020, 28 April 2020, 27 April 2021 and 3 May 2021 relating to the New Option 1 Bonds.

The Board announces that on 1 November 2021, the Company and the Bondholder entered into the Bondholder Letter Agreement, whereby the Company and the Bondholder have conditionally agreed to further amend certain terms and conditions of the New Option 1 Bonds. Pursuant to the Bondholder Letter Agreement, the Bondholder, as the sole holder of 100% of the Principal Amount Outstanding of the New Option 1 Bonds, shall instruct the Trustee to concur in the Proposed Amendments and execute the Fifth Supplemental Trust Deed. Subject to fulfillment of the conditions precedent set out below, the Proposed Amendments will be effected by the Company and the Trustee entering into the Fifth Supplemental Trust Deed.

## **BONDHOLDER LETTER AGREEMENT**

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

Date: 1 November 2021

Parties: (i) the Company as the issuer

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

The Bondholder is currently BFAM Asian Opportunities Master Fund, LP. BFAM Asian Opportunities Master Fund, LP is a limited partnership acting through its general partner, BFAM Asian Opportunities Master GP Limited, and managed by BFAM Partners (Cayman) Limited through its sub-advisor BFAM Partners (Hong Kong) Limited, which is a licensed corporation under the SFO licensed to carry out Type 9 (asset management) regulated activity under the SFO. BFAM Partners (Hong Kong) Limited is wholly owned by BFAM Partners (Cayman) Limited which is wholly owned by Mr. Fuchs, Benjamin Aaron. Limited partners of BFAM Asian Opportunities Master Fund, LP are BFAM Asian Opportunities Fund, LP and BFAM Asian Opportunities Fund Limited, each of which is a feeder fund. The Bondholder has confirmed to the Company that, as at the date of this announcement, each of the investors of the feeder funds and the Bondholder is a third party independent of the Company and is not a connected person of the Company.

## Proposed Amendments

	<b>Original terms (as supplemented and amended by the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed)</b>	<b>Proposed Amendments</b>
Repayment date:	Repayment in four remaining instalments:  15%, 15%, 15% and 40% of the Principal Amount Outstanding as at the Third Amendment Date (or, if lower, such amount as would result in the Principal Amount Outstanding being reduced to zero) on 31 July 2021, 7 November 2021, 7 May 2022 and the maturity date (i.e. 7 November 2022) respectively	Repayment in three remaining instalments ( <i>Note</i> ):  5%, 10% and 55% of the Principal Amount Outstanding as at the Third Amendment Date (or, if lower, such amount as would result in the Principal Amount Outstanding being reduced to zero) on 7 January 2022, 7 May 2022 and the maturity date (i.e. 7 November 2022) respectively
Conversion Price:	HK\$2.00 per Conversion Share subject to adjustment in the manner provided in the Trust Deed	With effect from 10 June 2021, HK\$1.69 per Conversion Share subject to adjustment in the manner provided in the Trust Deed (“ <b>Amended Conversion Price</b> ”)

*Note:* Pursuant to the original terms (as supplemented and amended by the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed) of the New Option 1 Bonds, 15% of the Principal Amount Outstanding as at the Third Amendment Date has been repaid on 7 November 2020 and a further 15% of the Principal Amount Outstanding as at the Third Amendment Date has been repaid on 31 July 2021.

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

## **Conditions Precedent**

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

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

## **Conversion Price**

The Conversion Price of HK\$1.69 per Conversion Share represents:

- (i) a premium of approximately 1,436% over the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on 1 November 2021, being the date of this announcement;
- (ii) a premium of approximately 1,408% over the average closing price of HK\$0.1121 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of this announcement; and
- (iii) a premium of approximately 1,439% over the average closing price of HK\$0.1098 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS**

The Group is a provider of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market. The Group's businesses involve various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery, etc. The Group has vigorously expanded the ecotourism business, actively promoted the transformation of the Group's business to ecotourism, and has taken series of actions to lay a solid foundation for the future development.

The Group considers that it is in the interests of the Group to utilise its resources for business development and other business opportunities in order to maximise returns to its Shareholders. As such, the Proposed Amendments will allow the Group to have more financial flexibility and additional time to develop its business instead of repaying the New Option 1 Bonds in the imminent future.

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

## **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

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

Based on the Conversion Price and assuming full conversion of the New Option 1 Bonds, an aggregate of 72,402,366 Conversion Shares will be issued by the Company, representing approximately 2.34% of the issued share capital of the Company as at the date of this announcement, and approximately 2.29% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the New Option 1 Bonds (assuming there are no other changes in the issued share capital of the Company from the date of this announcement up to the full conversion of the New Option 1 Bonds).

The Conversion Shares will be issued pursuant to the 2021 General Mandate. As at the date of this announcement, the 2021 General Mandate has not been utilized. The issue of the 72,402,366 Conversion Shares under the New Option 1 Bonds will utilize approximately 11.72% of the 2021 General Mandate.

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

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	As at the date of this announcement		Immediately after full conversion of the New Option 1 Bonds at the Conversion Price	
	<i>No. of Shares</i>	<i>Approximate % of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate % of the issued share capital of the Company</i>
Ms. LAU Ting ( <i>Note 1</i> )	1,028,127,586	33.29	1,028,127,586	32.53
Hang Sing Overseas Limited ( <i>Note 2</i> )	7,505,287	0.24	7,505,287	0.24
Strong Purpose Corporation ( <i>Note 3</i> )	13,773,554	0.45	13,773,554	0.44
Glory Add Limited ( <i>Note 4</i> )	51,249,259	1.66	51,249,259	1.62
Mr. CHAN Shing ( <i>Note 5</i> )	24,248,642	0.79	24,248,642	0.77
Directors	110,706,000	3.58	110,706,000	3.50
Bondholder	0	0	72,402,366	2.29
Other Public Shareholders	1,852,831,871	59.99	1,852,831,871	58.62
<b>Total</b>	<b>3,088,442,199</b>	<b>100</b>	<b>3,160,844,565</b>	<b>100</b>

*Notes:*

1. As at the date of this announcement, Ms. Lau Ting, as beneficial owner, together with entities controlled by her, namely, (i) Hang Sing Overseas Limited; (ii) Strong Purpose Corporation; and (iii) Glory Add Limited, is interested in a total of 1,049,406,427 Shares, the details of which are set out in the table above and notes 2 to 4 below.
2. As at the date of this announcement, Hang Sing Overseas Limited is wholly owned by Orient Strength Limited, which was wholly owned by Ms. Lau Ting. Ms. Lau Ting is therefore deemed to be interested in the Shares held by Hang Sing Overseas Limited under the SFO.
3. As at the date of this announcement, Strong Purpose Corporation is wholly owned by Ms. Lau Ting and Mr. Chan Shing. Each of Ms. Lau Ting and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Strong Purpose Corporation under the SFO.
4. As at the date of this announcement, Glory Add Limited is wholly owned by Favor King Limited, which was wholly owned by Ms. Lau Ting and Mr. Chan Shing. Each of Ms. Lau Ting and Mr. Chan Shing is therefore deemed to be interested in the Shares held by Glory Add Limited under the SFO.
5. As at the date of this announcement, Mr. Chan Shing, as beneficial owner, together with entities controlled by him, namely, (i) Strong Purpose Corporation and (ii) Glory Add Limited, is interested in a total of 89,271,455 Shares, the details of which are set out in the table above and notes 3 and 4 above.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

On 16 February 2021, the Company announced that it proposes to conduct a rights issue of Shares and a placing of new Shares under specific mandate. Such rights issue and placing have been completed on 10 June 2021. Please refer to the announcement of the Company dated 16 February 2021, the circular of the Company dated 14 April 2021 and the announcements of the Company dated 7 June 2021 and 10 June 2021 for details.

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

## **APPLICATION FOR LISTING**

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

## IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the Proposed Amendments pursuant to the requirements under the Listing Rules.

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

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

## DEFINITIONS

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

“2021 General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 16 June 2021 to issue up to a maximum of 617,688,439 Shares
“Board”	the board of Directors
“Bondholder”	holder of the New Option 1 Bonds, representing 100% of the Principal Amount Outstanding of the New Option 1 Bonds as at the date of this announcement, namely BFAM Asian Opportunities Master Fund, LP
“Bondholder Letter Agreement”	the letter agreement entered into between the Company and the Bondholder on 1 November 2021 in relation to the Proposed Amendments

“Company”	China Ecotourism Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange with stock code 1371
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$1.69 per Conversion Share subject to adjustment in the manner provided in the Trust Deed
“Conversion Shares”	Shares to be issued by the Company upon conversion of the New Option 1 Bonds under the 2021 General Mandate
“Director(s)”	director(s) of the Company
“Fifth Supplemental Trust Deed”	a fifth supplemental trust deed to be entered into between the Company and the Trustee to give effect to the Proposed Amendments
“First Supplemental Trust Deed”	the supplemental trust deed entered into between the Company and the Trustee dated 28 March 2019 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds
“Fourth Supplemental Trust Deed”	a fourth supplemental trust deed entered into between the Company and the Trustee dated 3 May 2021 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Option 1 Bonds”	the Hong Kong dollar denominated unsecured convertible bonds issued by the Company on 7 April 2017, with a Principal Amount Outstanding of HK\$122,360,000 as at the date of this announcement, as amended from time to time
“PRC”	the People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Principal Amount Outstanding”	the outstanding principal amount of the New Option 1 Bonds from time to time
“Principal Amount Outstanding as at the Third Amendment Date”	the Principal Amount Outstanding of the New Option 1 Bonds as at 28 April 2020, being HK\$174,800,000
“Proposed Amendments”	the proposed amendments to the terms and conditions of the New Option 1 Bonds as conditionally agreed between the Company and the Bondholder under the Bondholder Letter Agreement, as further described in the paragraph headed “Proposed Amendments” under the section headed “Bondholder Letter Agreement” in this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Second Supplemental Trust Deed”	the second supplemental trust deed entered into between the Company and the Trustee dated 4 November 2019 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds

“Third Supplemental Trust Deed”	the third supplemental trust deed entered into between the Company and the Trustee dated 28 April 2020 to give effect to certain amendments to the terms and conditions of the New Option 1 Bonds
“Trust Deed”	the trust deed entered into between the Company and the Trustee dated 7 April 2017, pursuant to which the New Option 1 Bonds were constituted, as amended and supplemented from time to time (including the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed and the Fifth Supplemental Trust Deed)
“Trustee”	DB Trustees (Hong Kong) Limited
“%”	per cent.

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

Hong Kong, 1 November 2021

*As at the date of this announcement, the Board comprises Ms. CHAN Tan Na, Donna, Mr. WU Ying Ha, Mr. WU Jingwei and Mr. DI Ling as Executive Directors; and Mr. HUANG Shenglan, Mr. CHAN Ming Fai and Mr. MENG Zhijun as Independent Non-Executive Directors.*

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