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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 SHARE CONSOLIDATION  
AND  
SUBSCRIPTION OF NEW CONSOLIDATED SHARES UNDER  
SPECIFIC MANDATE**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

**THE SUBSCRIPTION**

On 8 December 2022 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 43,750,000 new Consolidated Shares at the Subscription Price of HK\$0.80 per Subscription Share. The Subscription Shares will be allotted and issued pursuant to the Specific Mandate.

Upon the Share Consolidation becoming effective and assuming that no Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, not more than 154,422,109 Consolidated Shares will be in issue. Assuming that the Company has a total of 154,422,109 issued Consolidated Shares upon the Share Consolidation becoming effective, the Subscription Shares, being 43,750,000 new Consolidated Shares, represent (i) approximately 28.33% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) approximately 22.08% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion (assuming there being no other change in the issued share capital of the Company from the date of this announcement and up to the Completion, save for the Share Consolidation and the issue and allotment of the Subscription Shares).

Completion of the Subscription is conditional upon, among other things, the approval of the Shareholders at the SGM and the Share Consolidation having become effective and the dealing in the Consolidated Shares having commenced.

The gross proceeds and net proceeds from the Subscription will be HK\$35,000,000 and approximately HK\$34,500,000 respectively, and are intended to be fully used for repayment of second mortgage loan.

## **GENERAL**

The Share Consolidation and the Subscription are conditional upon, among other things, the passing of ordinary resolutions by the Shareholders at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares and the Subscription Shares.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the proposed Share Consolidation and the Subscription.

A circular containing, among other things, details of the Share Consolidation, the Subscription and the notice convening the SGM is expected to be despatched to the Shareholders on or about Wednesday, 21 December 2022.

**Shareholders and potential investors should note that the Share Consolidation and the Subscription are conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" and "Conditions of the Subscription" respectively below. Accordingly, the Share Consolidation and the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share.

### **Conditions of the proposed Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the second Business Day after the date of passing of the ordinary resolution approving the Share Consolidation at the SGM.

### **Effects of the proposed Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$125,000,000 divided into 5,000,000,000 Existing Shares with par value of HK\$0.025 each.

Upon the Share Consolidation becoming effective and assuming that no changes on the authorized share capital of the Company from the date hereof until the Effective Date, the authorised share capital of the Company will become HK\$125,000,000 divided into 250,000,000 Consolidated Shares with par value of HK\$0.50 each.

As at the date of this announcement, 3,088,442,199 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued nor Existing Shares are repurchased from the date hereof until the Effective Date, 154,422,109 Consolidated Shares will be in issue.

### **Status of the Consolidated Shares**

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

### **Listing application**

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 13 January 2023, the second Business Day after the date of the SGM, the Shareholders may during the period from Friday, 13 January 2023 to Thursday, 23 February 2023 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of green) to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of purple) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:10 p.m. on Tuesday, 21 February 2023, trading will only be in Consolidated Shares. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

## **Adjustments in relation to other securities of the Company**

As at the date of this announcement, assuming full conversion of the New Option 1 Bonds, an aggregate of 91,220,118 conversion shares of the Company may be issued by the Company pursuant to the general mandate granted to the Directors on 16 June 2021.

Save as the New Option 1 Bonds mentioned above, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be. The Share Consolidation may cause adjustments to the conversion price of New Option 1 Bonds and/or the maximum number of Consolidated Shares that will be issued upon conversion. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

## **REASONS FOR THE PROPOSED SHARE CONSOLIDATION**

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Board considers that the proposed Share Consolidation, resulting in HK\$1.12 per Consolidated Share (based on the current closing price of HK\$0.056 per Existing Share as at the date of the announcement), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the Listing Rules. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in each board lot of the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholders' base.

In view of the above reasons, the Company considers the proposed Share Consolidation is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and save for the Subscription, the Company does not have any other concrete plan or arrangement to conduct any other fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

## **NO CHANGE IN BOARD LOT SIZE**

The Existing Shares are currently traded on the Stock Exchange in board lot size of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 10,000 Consolidated Shares per board lot. Based on the closing price of HK\$0.056 per Existing Share (equivalent to the theoretical closing price of HK\$1.12 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 10,000 Existing Shares is HK\$560; and (ii) the value per board lot of 10,000 Consolidated Shares would be HK\$11,200 on the assumption that the Share Consolidation becomes effective.

## **EXPECTED TIMETABLE**

The expected timetable for the implementation of the Share Consolidation is as follows:

<b>Event</b>	<b>Time and Date</b>
Despatch date of circular with notice of the SGM	Wednesday, 21 December 2022
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM	4:30 p.m. on Friday, 6 January 2023
Closure of the register of members for the entitlement to attend and vote at the SGM	Monday, 9 January 2023 to Wednesday, 11 January 2023 (both days inclusive)
Latest date and time for lodging the proxy forms for the SGM.	10:30 a.m. on Monday, 9 January 2023
Date and time of the SGM	10:30 a.m. on Wednesday, 11 January 2023
Publication of announcement of voting results of the SGM	Wednesday, 11 January 2023

### **The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation as set out in this announcement:**

Effective date of the Share Consolidation	Friday, 13 January 2023
Dealing in the Consolidated Shares commence	9:00 a.m. on Friday, 13 January 2023
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Friday, 13 January 2023
Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares temporarily closes	9:00 a.m. on Friday, 13 January 2023

<b>Event</b>	<b>Time and Date</b>
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 13 January 2023
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 1 February 2023
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Wednesday, 1 February 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 1 February 2023
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Tuesday, 21 February 2023
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 21 February 2023
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) ends	4:10 p.m. on Tuesday, 21 February 2023
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on Thursday, 23 February 2023

The expected timetable set out above is subject to the results of the SGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

## **THE SUBSCRIPTION AGREEMENT**

**Date** : 8 December 2022 (after trading hours)

### **Parties**

**Issuer** : the Company

**Subscriber** : Power Partner Capital Limited (or its nominee)

The Subscriber is a corporation and its nature of business is investment holding. The ultimate beneficial owners of the Subscriber are Wang Zixi and HE Fang whom are a merchant. To the best of the knowledge and belief of the Directors, the Subscriber and its ultimate beneficial owners are an independent third party and are not a connected person of the Company (as defined in the Listing Rules) as at the date of the Subscription Agreement.

## **Subscription Shares**

Pursuant to the terms of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 43,750,000 Subscription Shares at the Subscription Price of HK\$0.80 per Subscription Share.

Upon the Share Consolidation becoming effective and assuming that no Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, not more than 154,422,109 Consolidated Shares will be in issue. Assuming that the Company has a total of 154,422,109 issued Consolidated Shares upon the Share Consolidation becoming effective, the Subscription Shares, being 43,750,000 new Consolidated Shares, represent (i) approximately 28.33% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) approximately 22.08% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Subscription Shares immediately upon Completion (assuming there being no other change in the issued share capital of the Company from the date of this announcement and up to the Completion, save for the Share Consolidation and the issue and allotment of the Subscription Shares).

Assuming that the Company has a total of 154,422,109 issued Consolidated Shares upon the Share Consolidation becoming effective, upon Completion, the Subscriber will own approximately 22.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscriber will become a substantial shareholder (as defined in the Listing Rules) and hence a connected person (as defined in the Listing Rules) of the Company.

## **Subscription Price**

HK\$0.80 per Subscription Share:-

- (a) a discount of approximately 28.57% to the theoretical closing price of HK\$1.12 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.056 per Existing Share as quoted on the Stock Exchange on 8 December 2022, being the date of the Subscription Agreement; and
- (b) a discount of approximately 4.76% to the theoretical average closing price of approximately HK\$0.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.042 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The market value of the Subscription Shares is approximately HK\$49,000,000, based on the theoretical closing price of HK\$1.12 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.056 per Existing Share as quoted on the Stock Exchange on 8 December 2022, being the date of the Subscription Agreement. Each Subscription Share has par value of HK\$0.50 after the Share Consolidation becoming effective.

The Subscription Price was arrived at after arm's length negotiation by the Company, taking into account the prevailing market price of the Shares. The Directors considered the Subscription Price is fair and reasonable as far as the Company is concerned.

## **Consideration**

The Consideration will be paid on the next Business Day immediately following the date of the Subscription Agreement. If the resolutions regarding the Share Consolidation and the Subscription were not passed at the SGM, the Company will return the Consideration with nil interest to the Subscriber within 5 Business Days after the date of the SGM.

## **Ranking of the Subscription Shares**

The Subscription Shares shall, when fully paid, rank pari passu in all respects among themselves and with all the Shares in issue on the date of the Subscription Completion Date.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon the following:

- (a) the passing of the resolution(s) at the SGM by the Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate to allot and issue the Subscription Shares;
- (b) the Listing Committee granting the listing of and permission to deal in the Subscription Shares; and
- (c) the Share Consolidation having become effective and the dealing in the Consolidated Shares having commenced.

The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares. The Subscription Agreement does not provide for any party to waive the above condition.

If the above condition is not satisfied on or before 10 February 2023, or such other date as may be agreed by the Subscriber and the Company, all rights, obligations and liabilities of the Subscriber and the Company under the Subscription Agreement will cease and determine and neither party shall have any claim against each other save for antecedent breaches.

## **Completion of the Subscription**

Completion of the Subscription is expected to take place within five Business Days after the date upon which the last condition to be satisfied has been so satisfied, or if applicable, waived by the Subscriber (or such other time and/or date as the Company and the Subscriber may agree in writing).

## **Specific Mandate**

The Subscription will be allotted and issued under the Specific Mandate which will be sought from the Shareholders at the SGM.

## EFFECTS ON SHAREHOLDING

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective, assuming that the Company has a total of 154,422,109 issued Consolidated Shares upon the Share Consolidation becoming effective; and (iii) immediately after the Share Consolidation becoming effective and completion of the Subscription, assuming that, save for the Share Consolidation and the allotment and issue of the Subscription Shares, there being no other change in the issued share capital and shareholding structure of the Company from the date of this announcement and up to the Completion):

	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after the Share Consolidation becoming effective and completion of the Subscription	
	Existing Shares	%	Consolidated Shares	%	Consolidated Shares	%
Ms. LAU Ting and her associates ( <i>Note 1</i> )	1,100,655,686	35.64	55,032,784	35.64	55,032,784	27.77
Mr. CHAN Shing ( <i>Note 2</i> )	89,271,455	2.89	4,463,572	2.89	4,463,572	2.25
Ms. CHAN Tan Na Donna ( <i>Note 3</i> )	85,936,000	2.78	4,296,800	2.78	4,296,800	2.17
Mr. WU Jingwei ( <i>Note 3</i> )	24,660,000	0.80	1,233,000	0.80	1,233,000	0.62
Mr. QIU Peiyuan ( <i>Note 3</i> )	39,110,000	1.27	1,955,500	1.27	1,955,500	0.99
Mr. HUANG Shenglan ( <i>Note 4</i> )	110,000	0.01	5,500	0.01	5,500	0.01
The Subscriber	0	0	0	0	43,750,000	22.08
Public Shareholders	1,748,699,058	56.61	87,434,953	56.61	87,434,953	44.11
Total	3,088,442,199	100.00	154,422,109	100.00	198,172,109	100.00

### Notes:

- 1,028,127,586 shares beneficially owned by Ms. Lau Ting (“Ms. Lau”). For the corporate interests, 7,505,287 shares were held by Hang Sing Overseas Limited which was wholly owned by Ms. Lau. 13,773,554 shares were held by Strong Purpose Corporation (“Strong Purpose”), a company which was wholly-owned by Ms. Lau and Mr. Chan Shing (“Mr. Chan”). 51,249,259 shares were held by Glory Add Limited (“Glory Add”) which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. Lau and Mr. Chan.
- 24,248,642 shares beneficially owned by Mr. Chan. For the corporate interests, 13,773,554 shares were held by Strong Purpose, a company which was wholly-owned by Ms. Lau and Mr. Chan. 51,249,259 shares were held by Glory Add which was wholly owned by Favor King Limited, a company which was wholly-owned by Ms. Lau and Mr. Chan.
- Being executive Directors.
- Being independent non-executive Director.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The gross proceeds from the Subscription will be HK\$35,000,000 and the net proceeds from the Subscription, after deduction of the relevant expenses, will amount to approximately HK\$34,500,000, representing a net subscription price of approximately HK\$0.79 per Subscription Share. The Subscription will enable the Company to strengthen the financial position of the Company. The intended use of the proceeds will be fully for repayment of second mortgage loan for an amount of HK\$35,000,000.

The Directors are of the view that the Subscription represents reducing the Group's gearing ratio and improving the Group's financial position. Accordingly, the Directors consider that the Subscription is fair, reasonable and in the best interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE COMPANY**

The principal businesses of the Group are (i) provision of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market, which covers various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery; (ii) research and development, processing, production and sales of natural and health food; and (iii) project development and operation of ecotourism.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not raised any funds by way of issue of Shares in the past twelve months before the date of this announcement.

## **GENERAL**

The Share Consolidation and the Subscription are conditional upon, among other things, the passing of ordinary resolutions by the Shareholders at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares and the Subscription Shares.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation, the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the proposed Share Consolidation and the Subscription.

A circular containing, among other things, details of the Share Consolidation, the Subscription and the notice convening the SGM is expected to be despatched to the Shareholders on or about Wednesday, 21 December 2022.

**Shareholders and potential investors should note that the Share Consolidation and the Subscription are conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" and "Conditions of the Subscription" respectively above. Accordingly, the Share Consolidation and the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## **DEFINITIONS**

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system, which is established and operated by the HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	China Ecotourism Group Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Subscription in accordance with the terms and conditions set out in the Subscription Agreement
“Consolidated Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Consideration”	a total consideration amount of HK\$35,000,000 for the subscription of the Subscription Shares
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Consolidation shall become effective, being the second Business Day after the date of the passing of the ordinary resolution approving the Share Consolidation at the SGM
“Existing Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company before the Share Consolidation becomes effective

“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“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 Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“New Option 1 Bonds”	the convertible bonds due 7 November 2023 issued by the Company, the outstanding, principal amount of which as at the date of this announcement is HK\$154,162,000, as amended from time to time
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Shareholder(s)”	registered holders of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Consolidation”	the share consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Specific Mandate”	the specific mandate to be obtained from the Shareholders at the SGM to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement
“SGM”	the special general meeting of the Company to be held at Unit 1801, 18/F., Landmark South, 39 Yip Kan Street, Wong Chuk Hang, Hong Kong at 10:30 a.m. on Wednesday, 11 January 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Power Partner Capital Limited, a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement

“Subscription Agreement”	the Subscription Agreement dated 8 December 2022, entered into between the Company and the Subscriber
“Subscription Completion Date”	a day within the five Business Day (or such other time and/or date as the Company and Subscriber may agree in writing) after the satisfaction of the conditions precedent of the Subscription Agreement
“Subscription Price”	HK\$0.80 per Subscription Share
“Subscription Share(s)”	a total of 43,750,000 new Consolidated Shares to be issued pursuant to the Subscription
“%”	per cent.

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

Hong Kong, 8 December 2022

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