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China Ecotourism Group Limited

中國生態旅遊集團有限公司

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1371)

(I) PLACING OF UNTAKEN SHARES
(II) COMPLETION OF THE RIGHTS ISSUE AND THE PLACING
AND
(III) ADJUSTMENT TO CONVERSION PRICE OF
THE NEW OPTION 1 BONDS

Financial Adviser to the Company

六福金融
LUKFOOK FINANCIAL

PLACING OF UNTAKEN SHARES

The Board is pleased to announce that the Placing Agents have successfully placed 489,055,933 Untaken Shares to six (6) places at the Placing Price of HK\$0.10 per Placing Share pursuant to the terms of the Placing Agreement.

COMPLETION OF THE RIGHTS ISSUE AND THE PLACING

All conditions to the Rights Issue and the Placing were fulfilled. Accordingly, the Rights Issue and the Placing became unconditional at or before 4:00 p.m. on 10 June 2021, and were completed on 10 June 2021.

DESPATCH OF SHARE CERTIFICATES FOR FULLY-PAID RIGHTS SHARES

The 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. Since the Rights Issue became unconditional and proceeded to completion and all excess Rights Shares applied for can be allotted in full, no refund cheque will be posted to any accepting or applying Shareholders.

* For identification purposes only

COMMENCEMENT OF DEALINGS OF RIGHTS SHARES IN FULLY-PAID FORM AND PLACING SHARES

Dealings in the fully-paid Rights Shares and the Placing Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Tuesday, 15 June 2021.

References are made to (i) the circular of China Ecotourism Group Limited (formerly known as China LotSynergy Holdings Limited, the “**Company**”) dated 14 April 2021 (the “**Circular**”); (ii) the prospectus of the Company dated 21 May 2021 (the “**Prospectus**”); and (iii) the announcement of the Company dated 7 June 2021 (the “**Announcement**”) regarding the Rights Issue. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular and the Prospectus.

PLACING OF UNTAKEN SHARES

As disclosed in the Announcement, valid acceptances of PALs and applications under EAFs were received for 1,569,905,533 Rights Shares. Accordingly, during the placing period between 8 June 2021 and 9 June 2021, the Placing Agent conducted the Placing on a best-effort basis to seek to procure placees to subscribe for up to 489,055,933 Untaken Shares under the Rights Issue.

The Board is pleased to announce that the Placing Agents have successfully placed all Untaken Shares to six (6) placees at the Placing Price of HK\$0.10 per Placing Share pursuant to the terms of the Placing Agreement.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, (i) each of the Placees and where appropriate, their respective ultimate beneficial owner(s): (A) is independent of and not connected with the Company and its connected persons and not a connected person of the Company; and (B) independent from, and not acting in concert with, Ms. Lau; and (ii) none of the Placees has become a substantial shareholder of the Company (as defined under the Listing Rules) upon completion of the Placing.

COMPLETION OF THE RIGHTS ISSUE AND THE PLACING

All conditions to the Rights Issue and the Placing were fulfilled. Accordingly, the Rights Issue and the Placing became unconditional at or before 4:00 p.m. on 10 June 2021.

On completion of the Rights Issue and the Placing which took place on 10 June 2021:

- (a) 650,070,674 Rights Shares were allotted and issued under valid acceptances of PALs and 919,834,859 Rights Shares were allotted and issued under valid application of EAFs, representing in aggregate approximately 76.25% of the total number of 2,058,961,466 Rights Shares available for subscription under the Rights Issue; and
- (b) 489,055,933 Untaken Shares were allotted and issued to six (6) places procured by the Placing Agent under the Placing.

Therefore, the total number of Shares taken by Shareholders under PALs and EAFs under the Rights Issue and the Shares placed under the Placing represents the total number of 2,058,961,466 Rights Shares available for subscription under the Rights Issue.

INTENDED USE OF THE NET PROCEEDS FROM THE RIGHTS ISSUE AND THE PLACING

The gross proceeds from the Rights Issue and the Placing are approximately HK\$205.90 million and the net proceeds from the Rights Issue and the Placing, after deducting the relevant expenses, are estimated to be approximately HK\$199.40 million. The Company has applied and will apply the net proceeds of the Rights Issue and the Placing in the following manner:

- (a) approximately HK\$80.00 million (or approximately 40.12% of the net proceeds) will be used towards the repayment in part of the New Option 1 Bonds;
- (b) approximately HK\$30.00 million (or approximately 15.05% of the net proceeds) will be used towards the partial repayment of an existing bank borrowing;
- (c) HK\$50.00 million (or approximately 25.08% of the net proceeds) has been used towards the Set-Off; and
- (d) approximately HK\$39.40 million (or approximately 19.76% of the net proceeds) will be used towards the general working capital of the Group.

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

Based on the information available to the Company and to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company immediately before and after completion of the Rights Issue and the Placing are as follows:

Shareholders	Immediately before the Rights Issue Settlement Date		Immediately after completion of the Rights Issue and the Placing	
	No. of Shares	Approximate shareholding percentage (%)	No. of Shares	Approximate shareholding percentage (%)
Ms. Lau ^(Note 1)	91,509,437	8.89	1,028,127,586	33.28
<i>Parties acting in concert with</i>				
<i>Ms. Lau</i>				
Hang Sing Overseas Limited ^(Note 2)	7,505,287	0.73	7,505,287	0.24
Strong Purpose Corporation ^(Note 3)	13,773,554	1.34	13,773,554	0.45
Glory Add Limited ^(Note 4)	51,249,259	4.98	51,249,259	1.66
Mr. Chan Shing ^(Note 5)	24,248,642	2.36	24,248,642	0.79
Ms. Chan ^(Note 6)	15,936,000	1.54	85,936,000	2.78
Sub-total of Ms. Lau and parties acting in concert with the her	204,222,179	19.84	1,210,840,328	39.20
<i>Other Directors</i> ^(Note 7)				
Mr. Wu Jingwei ^(Note 8)	8,220,000	0.80	24,660,000	0.80
Mr. Li Zi Kui ^(Note 8)	2,800,000	0.27	4,800,000	0.16
Ms. Zhu Xinxin ^(Notes 8 and 9)	1,850,000	0.18	5,850,000	0.19
Mr. Huang Shenglan ^(Note 8)	110,000	0.01	110,000	0.00
Mr. Cui Shuming ^(Note 8)	200,000	0.02	200,000	0.01
Sub-total of other Directors	13,180,000	1.28	35,620,000	1.16
Independent places	—	—	489,055,933	15.83
Other public Shareholders	812,078,554	78.88	1,352,925,938	43.81
Sub-total of public Shareholders	812,078,554	78.88	1,841,981,871	59.64
Total	<u>1,029,480,733</u>	<u>100.00</u>	<u>3,088,442,199</u>	<u>100.00</u>

Notes:

1. 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 immediately before the Rights Issue Settlement Date and 1,100,655,686 Shares immediately after completion of the Rights Issue and the Placing, the details of which are set out in the table above and notes 2 to 4 below.
2. 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.
3. 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.
4. 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.
5. 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.
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.
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.

DESPATCH OF SHARE CERTIFICATES FOR FULLY-PAID RIGHTS SHARES

The 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. Since the Rights Issue became unconditional and proceeded to completion and all excess Rights Shares applied for can be allotted in full, no refund cheque will be posted to any accepting or applying Shareholders.

COMMENCEMENT OF DEALINGS OF RIGHTS SHARES IN FULLY-PAID FORM AND PLACING SHARES

Dealings in the fully-paid Rights Shares and the Placing Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Tuesday, 15 June 2021.

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, 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.

As at the date of this announcement, the total outstanding principal amount of the New Option 1 Bonds is HK\$148,580,000.

As stated in the Circular and the Prospectus, 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 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.

The Subscription Price of HK\$0.10 per Rights Share and the Placing Price of HK\$0.10 per Placing Share are less than 95% of the Current Market Price (as defined in the terms and conditions of the New Option 1 Bonds) on the date of the announcement of the Company dated 16 February 2021, being the date on which the Company announced the terms of the Rights Issue.

Accordingly, notice is hereby given that based on the adjustment provisions under the terms and conditions of the New Option 1 Bonds, an adjustment shall be made to the New Option 1 Bonds Conversion Price with effect from 10 June 2021 as a result of the issue of Shares upon completion of the Rights Issue and the Placing. The New Option 1 Bonds Conversion Price and the maximum number of Shares that may be allotted and issued upon conversion of the New Option 1 Bonds before and after the adjustment are as follows:

			Original maximum number of Shares that may be allotted and issued upon full conversion of the New Option 1 Bonds	Adjusted maximum number of Shares that may be allotted and issued upon full conversion of the New Option 1 Bonds
	Original New Option 1 Bonds Conversion Price	Adjusted New Option 1 Bonds Conversion Price		
New Option 1 Bonds	HK\$2.00 per Share	HK\$1.69 per Share	74,290,000 Shares	87,917,160 Shares

Any Shares that may be issued upon conversion of the New Option 1 Bonds at the adjusted New Option 1 Bonds Conversion Price of HK\$1.69 per Share will be issued under the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 13 August 2020. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, those additional 13,627,160 Shares that will be issued upon conversion of all the outstanding New Option 1 Bonds at the adjusted New Option 1 Bonds Conversion Price on the Stock Exchange.

Any holder of the New Option 1 Bonds who is in doubt as to the action to be taken should consult his/her/its stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong, 10 June 2021

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.