



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

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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 circular issued by the Company dated 14 April 2021 (the “**Circular**”). 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 Circular.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the proposed 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 published annual results announcement for the year ended 31 December 2020.

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, 14 April 2021

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 results announcement 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 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Rights Issue Completion HK\$'000
Based on 800,000,000 Rights Shares to be issued (Note 2)	<u>(153,110)</u>	<u>73,500</u>	<u>(79,610)</u>
Based on 2,058,961,466 Rights Shares to be issued (Note 3)	<u>(153,110)</u>	<u>199,396</u>	<u>46,286</u>
Based on 2,207,541,466 Rights Shares to be issued (Note 4)	<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 (Note 5)

HK\$(0.15)

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 (Note 6)

HK\$(0.04)

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 (Note 7)

HK\$0.01

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 (Note 8)

HK\$0.02

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 results announcement 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 results announcement 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 circular. 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.