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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other 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, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of China Ecotourism Group Limited to be held at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 2 August 2022 is set out on pages 30 to 34 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same to the principal place of business of the Company at Unit 3301, 33/F., Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Southern, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. 10:00 a.m. on 31 July 2022 (Hong Kong time)) before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and deposit of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish.

**In view of the ongoing Coronavirus Disease 2019 (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise your voting rights by appointing the chairperson of the meeting as your proxy to vote on the relevant resolutions at the meeting as an alternative to attending the meeting in person.**

8 July 2022

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## PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

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The Company will implement the following measures at the meeting, including:

1. Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the meeting venue. Any person with a body temperature above 37.3 degrees Celsius or the reference point announced by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the meeting venue and requested to leave the meeting venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of this meeting venue;
2. Every attendee will be required to wear a surgical face mask at the meeting venue and throughout the meeting and to sit at a distance from the other attendees. Please note that no surgical face masks will be provided at meeting venue and attendees should bring and wear their own masks;
3. Every attendee will be required to scan the “Leave Home Safe” venue QR code and the electronic vaccination QR code, and comply with the requirements of the “Vaccine Pass Direction” defined under the Prevention and Control of Disease (Vaccine Pass) Regulation (Cap. 599L of the laws of Hong Kong);
4. No refreshment or drinks will be provided to the attendees at the meeting; and
5. No corporate gifts or gift coupons will be provided to the attendees at the meeting.

**To the extent permitted under law, the Company reserves the right to deny entry into the Meeting venue or require any person to leave the Meeting venue so as to ensure the health and safety of the other attendees at the Meeting. The number of attendees allowed in the meeting venue is subject to the requirements and restrictions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong).**

**Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.**

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Adoption Date”	2 August 2022, being the date on which the New Share Option Scheme was conditionally adopted by resolution of Shareholders in Annual General Meeting or its adjourned meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at The Function Room 1–2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 2 August 2022
“associates”	shall have the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the Bye-laws of the Company as amended, supplemented or modified from time to time
“close associates”	shall have the meaning ascribed thereto in the Listing Rules
“Committee”	the nomination committee of the Board
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“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
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	The share option scheme adopted by the Company on 18 May 2012
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Latest Practicable Date”	30 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange (as amended from time to time)
“New Repurchase Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to permit the repurchase of Shares of up to a maximum of 10% of the issued share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, the principal terms of which are set out in Appendix III to this circular, and as amended from time to time
“Notice of Annual General Meeting”	the notice to convene the Annual General Meeting dated 8 July 2022
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme
“Option”	an option to subscribe for Shares pursuant to the New Share Option Scheme and for the time being subsisting
“Participants”	any individual being an employee (whether full-time or part-time), consultant of the Company or any of its Subsidiaries, including any executive or non-executive director of the Company or any of its Subsidiaries, who satisfies the criteria set out in the New Share Option Scheme
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time)
“Share(s)”	ordinary shares of HK\$0.025 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company

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## DEFINITIONS

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“Share Issue Mandate”	the proposed general mandate to be granted to the Directors at the Annual General Meeting to permit the allotment and issue of new Shares or other securities in the Company of up to a maximum of 20% of the issued share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate
“Shareholders”	registered holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of Section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong) of the Company whether incorporated in Hong Kong, Bermuda or elsewhere
“Takeover Code”	The Codes on Takeovers and Mergers and Share Buy-backs

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LETTER FROM THE BOARD

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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)**

*Executive Directors*

Ms. CHAN Tan Na, Donna (*Chairperson*)

Mr. WU Jingwei

Mr. DI Ling

Mr. QIU Peiyuan

*Registered office*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-Executive Directors*

Mr. HUANG Shenglan

Mr. CHAN Ming Fai

Dr. MENG Zhijun

*Head office and principal place of business*

Unit 3301, 33/F.

Global Trade Square

21 Wong Chuk Hang Road

Wong Chuk Hang

Southern, Hong Kong

8 July 2022

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with the information on the resolutions to be proposed at the Annual General Meeting relating to (i) the re-election of Directors; (ii) the grant of the New Repurchase Mandate to the Board; (iii) the grant of the Share Issue Mandate to the Board; and (iv) the adoption of New Share Option Scheme.

**RE-ELECTION OF DIRECTORS**

In accordance with bye-law 99 of the Bye-laws, Mr. CHAN Ming Fai (an independent non-executive Director) shall retire from office by rotation at the Annual General Meeting and, being eligible, offer himself for re-election.

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## LETTER FROM THE BOARD

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In accordance with bye-law 102(B) of the Bye-laws, each of Mr. DI Ling (an executive Director), Dr. MENG Zhijun (an independent non-executive Director) and Mr. QIU Peiyuan (an executive Director) shall hold office only until the next following general meeting of the Company and, being eligible, offer themselves for re-election.

In accordance with Code Provision B.2.3 of the Corporate Governance Code in Appendix 14 to the Listing Rules, the further appointment of any independent non-executive director who has served more than 9 years should be subject to a separate resolution to be approved by the shareholders. As Mr. CHAN Ming Fai has served the Company as independent non-executive Director for more than 9 years, his re-election at the Annual General Meeting will be subject to a separate resolution to be approved by the Shareholders.

The Committee is satisfied that notwithstanding that Mr. CHAN Ming Fai has served on the Board for 16 years, he has continued to demonstrate his ability to provide an independent views and objective scrutiny to the Company's matters and exercise his responsibilities solely in the interest of the Company and the Shareholders as a whole, as well as contribute to the Board with his in-depth knowledge and understanding of the Group's business and operation gained throughout the years, diversity of skills and perspectives as well as devotion to the Group. The Committee is of the view that Mr. CHAN Ming Fai possesses the required attributes of an independent director and there is no evidence that his length of tenure has had or would have any impact on his independence.

The Committee considers that the retiring independent non-executive Directors, Mr. CHAN Ming Fai and Dr. MENG Zhijun are independent according to the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. Mr. Chan and Dr. Meng have confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules.

The Committee has also reviewed (i) the structure and composition of the Board; (ii) the confirmation and disclosures given by the retiring Directors; and (iii) the professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's board diversity policy and nomination policy.

Accordingly, the Committee has recommended to the Board on re-election of the above retiring Directors who are due to retirement at the Annual General Meeting, and the Board has considered the re-election of Mr. DI Ling and Mr. QIU Peiyuan as executive Directors, Mr. CHAN Ming Fai and Dr. MENG Zhijun as independent non-executive Directors, is in the best interests of the Company and the Shareholders as a whole and has resolved to propose to re-elect each of the retiring Directors at the Annual General Meeting.

Details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.



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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the annual general meeting of the Company held on 16 June 2021, resolutions were passed giving general mandates to the Board (i) to exercise the powers of the Company to repurchase Shares of the Company on the Stock Exchange or other recognised stock exchanges up to 10% of the issued share capital of the Company as at 16 June 2021; and (ii) to allot, issue and deal with additional Shares of the Company up to a limit equal to the aggregate of (a) 20% of the issued share capital of the Company as at 16 June 2021; and (b) the aggregate nominal amount of any Shares repurchased by the Company pursuant to the general mandate as described in paragraph (i) above. These general mandates will lapse at the conclusion of the Annual General Meeting of the Company.

The Board wishes to seek your approval of the resolutions as set out in ordinary resolutions 5 to 7 to be proposed at the Annual General Meeting to renew these general mandates to the Board to repurchase Shares and to issue additional Shares subject to the limitations and conditions of the Listing Rules.

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,088,442,199 Shares. Subject to the passing of the proposed resolution for the Share Issue Mandate and on the basis that there will be no variation in the number of issued Shares prior to the date of the Annual General Meeting, the Board would be allowed to issue additional Shares up to a maximum of 617,688,439 Shares.

An explanatory statement as required by the Listing Rules to provide you with the requisite information on the proposed general mandate to repurchase Shares is set out in Appendix II to this circular.

### ADOPTION OF NEW SHARE OPTION SCHEME

The Company adopted the Existing Share Option Scheme on 18 May 2012, pursuant to which the Directors were authorised to grant options to subscribe for Shares to any director or employee of the Company or its subsidiaries during the ten years period from 18 May 2012. As at the Latest Practicable Date, the Existing Share Option Scheme was no longer effective. In light of the expiration of the Existing Share Option Scheme, the Board proposes the adoption of the New Share Option Scheme to be approved by the Shareholders at the Annual General Meeting so as to continue to provide the Company with the administrative economies and convenience of granting share options to the Participants as incentives or rewards for their contribution or potential contribution to the Group.

The purpose and the reasons for the adoption of the New Share Option Scheme are to provide incentives or rewards to the Participants (those are valuable, common and market recognition) for the contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract other personnel that are valuable to the Group.

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## LETTER FROM THE BOARD

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The Directors consider that the New Share Option Scheme will motivate more persons to make contribution to the Group and facilitate the retention and the recruitment of high-calibre staff of the Group. The rules of the New Share Option Scheme provide that the Company may specify the Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The subscription price will be determined by the Board subject to the requirement of the Listing Rules. The Board may also at its discretion include in an offer of the grant of an Option such terms including (i) the minimum period for which an Option must be held before it can be exercised, and/or (ii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. The Directors consider that such rules enable the Company to grant Options on terms that promote the alignment of interests of the Participants (as a potential stakeholder in the Company) and that of the Company.

The Board will assess the Participants based on their potential and/or actual contribution to the Group. For the basis of determining the eligibility of employees of the Company and directors of the Group as the Participants, the Company will consider years of service, individual performance, time commitment, responsibilities, work experience, professional qualifications and knowledge in the industry.

The eligible Participants also include consultants of the Group whom should provide services to the Group on a continuing or recurring basis in ordinary and usual course of business which are material to the long term growth of the Group (the “**Non-Employee Participants**”), but it does not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, or consultants providing professional services to the Group. The Company had granted share options to certain consultants as reward for their participation and involvement in promoting the business of the Group and introduction of new business opportunity in the past by considering the following factors and the Board will base on these factors to assess their eligibility which include (i) the knowledge and experience held by the Non-employee Participants and continuing efforts and dedication would be required in updating the policy of the industry in line with the ever-changing lottery or other businesses’ laws and regulations; (ii) market recognition and network over the lottery or other industry possessed by the Non-employee Participants; (iii) his/her past contribution towards the existing businesses and/or that new project of the Company, which achieved a positive results (revenue generated in relation to the businesses/projects less any direct cost incurred) of 5%; (iv) the recommendations and/or advice to the Group in matters including but not limited to strategic management, business research and development, technological support and consulting services so as to assist the Group in achieving the operational competitiveness and business sustainability; and (v) any other factors which the Board considers necessary.

The Directors consider that the inclusion of the Non-employee Participants as eligible Participants is appropriate, as they also contribute to the long-term business growth of the Group. Granting Options to those Non-employee Participants is the common market practice in the industry to attract and incentivize those Non-employee Participants to contribute to the continuous development of the Group. The Company will recommend Participants, including Non-employee Participants, to be Grantees of Options for the remuneration committee’s and the Board’s consideration to assess the eligibility of Participants based on the aforesaid factors.

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## LETTER FROM THE BOARD

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The Company has engaged four consultants for more than 5 years and they still remain to be engaged by the Group. These consultants assisted to win several bids of welfare lottery projects and have provided management consulting services and/or advisory services in relation to China and overseas matters on lottery business to the Board. Their services include providing advice to the Group on strategic planning and business development of the Group, assisting the Group in establishing and developing relationships with the counterparties and potential business partners in the PRC and overseas, identifying and introducing potential investment, merger and acquisition opportunities and potential targets. This assists the Board to formulate business strategy and explore investment opportunities to formulate and implement the long term development plan of the Group.

On 29 January 2018, the Company granted a total of 85,000,000 Options to these consultants to recognize their contribution to the Group.

The reason for rewarding the Non-employee Participants is that they are likely to be able to contribute their knowledge, experience and expertise to the Group because not only would they possess industry knowledge and have established relationships with other industry players, they would also have know-hows which are proprietary and may provide the Group with competitive advantages. As such, they would be able to contribute to creating value for the Group, enhancing the value of the Group, or assisting the Group to attain its long-term objectives, or would benefit the Company and the Shareholders as a whole, incentivizing and rewarding such individuals would assist the Group in enhancing its business performance. The Board had considered cash reward and non-cash reward payments to reward the Non-employee Participants. The Board has in the past engaged, and may from time to time engage, Non-employee Participants to formulate business strategy and explore investment opportunities in order to streamline and improve the performance of the Group with a view to saving costs, enhancing the Group's business effectiveness and competitiveness and thereby achieving growth in the Group's overall revenue and profitability. The Board believes that it is beneficial to maintain the flexibility to grant Options to Non-employee Participants, because (i) on the one hand the Group could maintain more cash in hands if the Group, subject to negotiation between the parties, rewards such Non-employee Participants fully or partly by granting Options as an alternative to monetary consideration; and (ii) on the other hand, given the exercise price of the Options is fixed at the time of grant, the greater the increase in the Share price after the grant, the greater the value of the Options, it is therefore expected that if the Non-employee Participants are granted with Options as their consideration (in part or in full), that will provide extra incentive for them to contribute to the overall development of the Group with a view to creating greater value to the Group and its shareholders and the Share price. The Board believed that grant of the Options to the Non-employee Participants is the best method as rewards to them and will align their interests with that of the Group, which would in the long term, and draw in key players of lottery and other industries that would help contribute to the Group's growth and development, and therefore is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and in line with the objectives of the New Share Option Scheme.

A resolution will be proposed at the Annual General Meeting for the Board to grant Options under the New Share Option Scheme for the subscription of not more than 10% of the entire

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## LETTER FROM THE BOARD

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issued capital of the Company (excluding, for this purpose, options which have lapsed in accordance with the terms of any other share option scheme of the Group, and the outstanding options granted and yet to be exercised pursuant to the Existing Share Option Scheme) as at the date of the passing of the relevant resolution.

As at the Latest Practicable Date, the Company had no outstanding left unexercised options under the Existing Share Option Scheme to subscribe for Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Company has no present and concrete plan in the coming 12 months to grant any Options under the New Share Option Scheme upon adoption of the New Share Option Scheme by the Shareholders at the Annual General Meeting.

As at the Latest Practicable Date, there were 3,088,442,199 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted after the resolution authorising the Directors to allot and issue up to 10% of the then issued share capital of the Company has passed at the Annual General Meeting under note 1 to Rule 17.03(3) of the Listing Rules would be 308,844,219 under the New Share Option Scheme. The maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme is 308,844,219, representing approximately 10% of the total number of shares in issue, which is within the overall limit of 30% prescribed under note 2 to Rule 17.03(3) of the Listing Rules.

The Directors do not consider it appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing by the shareholders of the Company in general meeting of an ordinary resolution to approve the adoption of the New Share Option Scheme and to authorize the Board to grant the Option thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Option under the New Share Option Scheme;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under the New Share Option Scheme; and

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## LETTER FROM THE BOARD

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(iii) if required, the Bermuda Monetary Authority granting consent in respect of the issue of Options under the New Share Option Scheme.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in such trustee, if any.

Application will be made to the Listing Committee of the Stock Exchange for granting the approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

The Company has sought legal advices in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme is not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance is not applicable.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in the Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company in Unit 3301, 33/F., Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Southern, Hong Kong during normal business hours (9:00 a.m. to 5:00 p.m.) on any business day from the date hereof up to and including the date of the Annual General Meeting.

### NOTICE OF ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is set out on pages 30 to 34 in Appendix IV to this circular and a form of proxy for the Annual General Meeting is enclosed. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same to the principal place of business of the Company at Unit 3301, 33/F., Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Southern, Hong Kong as soon as possible, and in any event, not less than 48 hours (i.e. 10:00 a.m. on 31 July 2022 (Hong Kong time)) before the time appointed for holding of the Annual General Meeting or any adjournment thereof (as the case may be). Completion and deposit of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof (as the case may be) should you so wish.

**In view of the ongoing Coronavirus Disease 2019 (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise your voting rights by appointing the chairperson of the meeting as your proxy to vote on the relevant resolutions at the meeting as an alternative to attending the meeting in person.**

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## LETTER FROM THE BOARD

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### VOTING BY POLL

Under Rule 13.39(4) of the Listing Rules, vote(s) of shareholders at general meeting(s) must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, poll shall be demanded for all resolutions put to vote at the Annual General Meeting.

### RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

### RECOMMENDATION

The Board considers that (i) the re-election of Directors; (ii) the grant of the New Repurchase Mandate to the Board; (iii) the grant of the Share Issue Mandate to the Board; and (iv) the adoption of New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all the Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully  
For and on behalf of the Board  
**China Ecotourism Group Limited**  
**CHAN Tan Na, Donna**  
*Chairperson*

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## APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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To enable the Shareholders to make an informed decision on the re-election of the retiring Directors, we set out below the biographical details of the retiring Directors for Shareholders' information.

**Mr. CHAN Ming Fai**, aged 60, 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 was a non-executive director of Alliance Mineral Assets Limited and WINDMILL Group Limited in the previous three years.

As at the Latest Practicable Date, Mr. Chan does not have any interest of Shares within the meaning of Part XV of the SFO. Mr. Chan does not have any relationship with any other Director, senior management, substantial shareholder, or controlling shareholder of the Company. There is no service contract between Mr. Chan and the Company but Mr. Chan is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Chan shall be entitled to an emolument of HK\$336,000 per annum. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmarks in the industry and prevailing market conditions. Mr. Chan is a member of the audit committee, remuneration committee and nomination committee of the Company. Save as disclosed above, he does not hold any position with the Group.

**Mr. DI Ling**, aged 58, joined the Group in July 2021, and is currently an Executive Director of the Company. Mr. Di is responsible for the Group's business development and operation management of ecotourism in China. Mr. Di is experienced in risk investment and corporate finance sectors. He holds a Bachelor's degree from the Department of Thermal Engineering of Tsinghua University. He served as the President of SB Green Investment Fund Limited since 2019 and the Standing Vice President of SB China Capital between 2011 and 2019. He has extensive experience in risk management, project management, corporate restructuring and debt restructuring. Mr. Di is an executive director of China Carbon Neutral Development Group Limited, which is a listed company in Hong Kong.

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## APPENDIX I    DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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As at the Latest Practicable Date, Mr. Di does not have any interest of Shares within the meaning of Part XV of the SFO. Mr. Di does not have any relationship with any other Director, senior management, substantial shareholder, or controlling shareholder of the Company. Mr. Di has entered into a service agreement with the Company with no specified term of office after an initial term of three years. Mr. Di is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Di shall be entitled to an emolument of approximately HK\$720,000 per annum. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

**Dr. MENG Zhijun**, aged 53, joined the Group in July 2021, and is currently an Independent non-executive Director of the Company. Dr. Meng holds a doctorate degree in Laws (the direction of Marxism in China) from the Central University of Finance and Economics. He is currently the Vice President of Orient Victory Group, President of China Comfort Travel Cultural Tourism Industry Group, Chairman of Jishan China Comfort Travel Health Technology Development Co., Limited and Director of China Comfort Travel Group. He is also the industry mentor of Beijing International Studies University MTA (Master of Tourism Management) & MBA (Master of Business Administration) Education Center, the Chairman of the CEO Association of the Central University of Finance and Economics, and a Director of the China Business Association. Dr. Meng was the Commissioner of the Economic Development Bureau of the Beijing Municipal Commission of Commerce (Headquarter), a temporary position of the General Manager of Marketing of COFCO Meat Investments Company Limited, a subsidiary of COFCO Corporation, and the Chief Executive Officer and President of China Comfort Travel Group Limited.

As at the Latest Practicable Date, Dr. Meng does not have any interest of Shares within the meaning of Part XV of the SFO. Dr. Meng does not have any relationship with any other Director, senior management, substantial shareholder, or controlling shareholder of the Company. Dr. Meng has entered into a letter of appointment with the Company with an initial term of three years. Dr. Meng is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Dr. Meng shall be entitled to an emolument of approximately HK\$300,000 per annum. The emoluments of the Directors are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.



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## APPENDIX I DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION

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**Mr. QIU Peiyuan**, aged 57, joined the Group in November 2021, and is currently an Executive Director of the Company. Mr. Qiu is responsible for the Group's capital strategies and investment in mergers and acquisitions. Mr. Qiu is a chartered financial analyst, a certified financial planner in Canada and has Canada security practitioner qualification. He holds a Bachelor's degree in Biology from Nankai University, a Master's degree in BioScience from the University of Hong Kong and a Master's degree in Business Administration from the University of Western Ontario, Canada. Mr. Qiu has over twenty years of experience in financial, where he was involved in several fields including but not limited to personal financial planning, pension investment, bank treasury investment, investment risk management and asset management. Mr. Qiu joined the Bank of Nova Scotia as a senior analyst and manager since 2003. He was the vice president of Asia of T. Rowe Price Group from 2008 to 2011. He established the International Business Department and was a general manager of International Business Department of Huabao Trust Co., Limited from 2011 to 2015. He was the president of Overseas Investment Department and senior managing director of Ping An Trust Co., Limited from 2015 to 2019. Mr. Qiu serves as the chief executive officer of First Ocean Financial Holdings Co. Limited and as non-executive and non-independent director of Ascent Bridge Limited, a listed company in Singapore. Mr. Qiu was an executive director of Chong Kin Group Holdings Limited, a non-executive director of China Health Group Limited and an independent non-executive director of NOVA Group Holdings Limited, all are companies listed in Hong Kong, in the previous three years.

As at the Latest Practicable Date, Mr. Qiu has a personal interest and a corporate interest in aggregate of 39,110,000 Shares of the Company within the meaning of Part XV of the SFO. Mr. Qiu does not have any relationship with any other Director, senior management, substantial shareholder, or controlling shareholder of the Company. Mr. Qiu has entered into a service agreement with the Company with no specified term of office after an initial term of three years. Mr. Qiu is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Mr. Qiu shall be entitled to an emolument of approximately HK\$600,000 per annum. This excluded bonus which is payable or other benefits which may be granted at the discretion of the Company. The emoluments of the Directors are determined with reference to that director's responsibilities, abilities and performance, the Company's operations, as well as remuneration benchmark in the industry and prevailing market conditions.

Save as disclosed above, there is no other information which is disclosable nor are the above Directors involved in any matters required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders in relation to the re-election of the above retiring Directors.

This appendix serves as the explanatory statement required by the Listing Rules to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the New Repurchase Mandate to be granted to the Board.

### **THE REPURCHASE PROPOSAL**

The New Repurchase Mandate will authorise the Board to repurchase on the Stock Exchange, or on another exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Buy-backs. Shares of the Company up to a maximum of 10% of the issued share capital of the Company as at the date on which the resolution approving the New Repurchase Mandate is passed.

Based on the 3,088,442,199 Shares in issue as at the Latest Practicable Date, the Company would be allowed under the New Repurchase Mandate to repurchase a maximum of 308,844,219 Shares on the basis that there will be no variation in the number of issued Shares prior to the date of the Annual General Meeting.

The authority conferred on the Board by the New Repurchase Mandate would continue in force until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by law; or (iii) the variation or revocation of the New Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

### **REASONS FOR REPURCHASES**

The Board considers that it is in the best interests of the Company and the Shareholders to have the New Repurchase Mandate. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share and/or dividend per Share and will only be made when the Board believes that such repurchases will benefit the Company and the Shareholders.

### **SOURCE OF FUNDS**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws and the laws of Bermuda. Pursuant to the Companies Act, any Share repurchased under the New Repurchase Mandate would be purchased out of the capital paid up on the repurchased Shares, the funds of the Company which would otherwise be available for dividend or distribution, the proceeds of a fresh issue of Shares made for the purpose of the repurchase. The premium, if any, payable on the repurchase will be provided out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased.

**EFFECT ON WORKING CAPITAL**

The Board considers that there might be an adverse impact on the working capital or the gearing position of the Company as compared with the position disclosed in the audited financial statements as at 31 December 2021 in the event that the New Repurchase Mandate is exercised in full. However, the Board does not propose to exercise the New Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**DISCLOSURE OF INTERESTS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention to sell Shares to the Company under the New Repurchase Mandate in the event that the New Repurchase Mandate is approved by the Shareholders.

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the New Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

**TAKEOVER CODE**

If as a result of a Share repurchased by the Company such that a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase in his/their shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, the aggregate interest of Ms. LAU Ting and her acting in concert parties, through their aggregate personal interests of approximately 33.29%, aggregate corporate interests of approximately 2.35%, in the Shares were approximately 35.64% of the Company's issued share capital.

In the event that the Directors exercised in full the power to repurchase Shares which is proposed to be granted pursuant to the New Repurchase Mandate, the aggregate interests held by Ms. LAU Ting would be increased to approximately 39.60% of the issued share capital of the Company.

In the opinion of the Directors, on the basis of the current shareholding in the Company, an exercise of the New Repurchase Mandate in full may result in Ms. LAU Ting and her acting in concert parties to becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any purchases pursuant to the New Repurchase Mandate.

The Directors have no intention to exercise the New Repurchase Mandate to such an extent that will result in any mandatory offer being required under the Takeovers Code or will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

### SHARE PURCHASES MADE BY THE COMPANY

The Company had not purchased any Shares on the Stock Exchange during the six months preceding the Latest Practicable Date.

### CORE CONNECTED PERSONS

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the New Repurchase Mandate is approved by the Shareholders.

### MARKET PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve calendar months preceding the Latest Practicable Date were as follows:

Months	Share Price ( <i>per Share</i> )	
	Highest HK\$	Lowest HK\$
June 2021	0.152	0.105
July 2021	0.131	0.105
August 2021	0.125	0.105
September 2021	0.116	0.092
October 2021	0.130	0.095
November 2021	0.113	0.091
December 2021	0.105	0.087
January 2022	0.100	0.078
February 2022	0.097	0.075
March 2022	0.090	0.060
April 2022	0.078	0.056
May 2022	0.074	0.061
June 2022 (up to the Latest Practicable Date)	0.074	0.067

For the purpose of this appendix only, unless the context otherwise requires, the following words shall have the following meanings:

“Board”	the board of directors of the Company for the time being or a duly authorized committee thereof;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Companies Act”	The Companies Act 1981 of Bermuda (as amended);
“Date of Grant”	in respect of an Option, the date (which shall be a Business Day) on which the grant of an Option is made to (and subject to the acceptance by) a Participant as determined in accordance with the New Share Option Scheme;
“Grantee”	any Participant who accepts the grant of any Option in accordance with the terms of the New Share Option Scheme;
“Offer”	the offer of the grant of an Option;
“Option Period”	in respect of any particular Option, a period of not exceeding ten (10) years to be notified by the Board to the Grantee, such period to commence on the Date of Grant or such later date as the Board may decide and expiring on the last day of the said period;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (d) below, subject to adjustment in accordance with the New Share Option Scheme; and
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Hong Kong Companies Ordinance or the Companies Act) of the Company, whether incorporated in Hong Kong, Bermuda or elsewhere.

Set out below is a summary of the principal terms and conditions of the New Share Option Scheme to provide sufficient information to the Shareholders for their consideration of the New Share Option Scheme proposed to be adopted at the Annual General Meeting.

**(a) PURPOSE**

The purpose of the New Share Option Scheme is to provide incentives or rewards to the Participants (those are valuable, common and market recognition) for the contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract other personnel that are valuable to the Group.

**(b) WHO MAY JOIN**

The Directors may, at their discretion, invite Participants whom has made valuable contribution to the business of the Group based on his/her performance and/or years of service, or is regarded as valuable resources of the Group based on his work experience, knowledge in the industry and other relevant factors to take up Options at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the New Share Option Scheme or after the New Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Option shall be regarded as having been accepted when the Company receives from the Grantee the duplicate of the grant letter, comprising acceptance of the Offer, duly signed by the Grantee. No consideration is payable for the grant of Option. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include among other things, (i) the minimum period for which an Option must be held before it can be exercised, and/or (ii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally. The right to exercise an Option is not subject to or conditional upon the achievement of any performance target.

**(c) GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of the Company or any of the Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of the Company shall abstain from voting in favor of the resolution at such general meeting of the Shareholders.

**(d) SUBSCRIPTION PRICE**

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Date of Grant which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant; and
- (iii) the nominal value of the Shares.

**(e) MAXIMUM NUMBER OF SHARES**

- (i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company and/or any Subsidiary shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 3,088,442,199 Shares in issue on the date of adoption of the New Share Option Scheme, the Scheme Mandate Limit will be equivalent to 308,844,219 Shares, representing 10% of the Shares in issue as at the date of adoption of the New Share Option Scheme.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other options to be granted under any other share option schemes of the Company and/or any Subsidiary under the limit as refreshed must not exceed 10% of the number of Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted (and subject to acceptance) under the New Share Option Scheme and any other share option schemes of the Company and/or any Subsidiary (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or such other schemes of the Company and/or any Subsidiary and those that have been exercised) will not be counted for the purpose of calculating the limit as renewed.

- (ii) The Listing Rules provide that the Company may seek separate approval by its shareholders in general meeting for granting options beyond the Scheme Mandate Limit to specifically identified Participants in accordance with the provisions of the Listing Rules (which include the issue of circular containing information prescribed by the Listing Rules). Accordingly, if the prior approval of the shareholders of the Company in general meeting is obtained in accordance with the relevant procedural requirements of the Listing Rules, the Board may grant Options to such Participants in respect of such number of Shares and on such terms as may be specified in the said shareholders' approval, notwithstanding that such grant of Options will result in any of the Scheme Mandate Limit being exceeded.
- (iii) Subject to paragraph (iv) below, no Participant shall be granted an Option which, if accepted and exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and which may be issued upon exercise of all Options granted and to be granted to him, together with all options granted and to be granted to him under any other share option scheme(s) of the Company and/or any Subsidiary, within the 12-month period immediately preceding the proposed Date of Grant (including exercised, cancelled and outstanding options), would exceed one per cent. (1%) of the number of Shares in issue as at the proposed Date of Grant.
- (iv) If the prior approval of the shareholders of the Company in general meeting is obtained, in accordance with the relevant procedural requirements of the Listing Rules, at which meeting such Participant and his associates shall abstain from voting on the relevant resolution, the Board may grant options to such Participant in respect of such number of Shares and on such terms as may be specified in the said shareholders' approval, notwithstanding that such grant of options will result in the said one-per cent. limit being exceeded.
- (v) The limit on the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company and/or any Subsidiary, must not exceed 30 per cent. (30%) of the number of issued Shares from time to time. No Options may be granted if such grant will result in the said 30-per cent. limit being exceeded. Options lapsed or cancelled in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 30-per cent. limit.

**(f) TIME OF EXERCISE OF OPTION**

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period.



**(g) RIGHTS ARE PERSONAL TO GRANTEES**

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing.

**(h) RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL**

In the event of the Grantee ceasing to be an employee (including any executive director), officer (including any non-executive director), consultant of, or in any relevant relationship with, the Company or any Subsidiary for any reason, other than his death or the termination of his employment, office, consultancy or relationship on one or more of the grounds specified in paragraph (r)(v) below, then, the Option (to the extent not already exercised) shall lapse on the day immediately after the date of cessation of the employment, office, consultancy or relationship with the Company, which date shall be the last actual day of employment, office, consultancy or relationship with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable), or such later date following such date of cessation as the Board may determine. For the avoidance of doubt, where the Grantee is an employee (whether full time or part time) of the Company, the last actual day of employment shall be the last day the Grantee physically attended work for the Company.

**(i) RIGHTS ON DEATH**

In the event of the Grantee ceasing to be an employee (including any executive director), officer (including any non-executive director), agent, consultant or representative of, or in any relevant relationship with, the Company or any Subsidiary by reason of death and none of the events which would be a ground for termination of his employment, office, consultancy or relationship specified in paragraph (r)(v) below has occurred, then, the Option (to the extent not already exercised) shall lapse on the date of the Grantee's death.

**(j) EFFECT OF ALTERATIONS TO SHARE CAPITAL**

Subject to paragraph (e) above, in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) whilst an Option remains outstanding in that it is granted and yet to be exercised (and has not lapsed or been cancelled), corresponding adjustments (if any) shall be made in:

- (i) the number of Shares subject to the New Share Option Scheme;
- (ii) the number of Shares subject to outstanding Options;
- (iii) the Subscription Price in relation to each outstanding Option; and/or

(iv) the method of exercise of the Options,

provided that:

- (a) any such adjustments must give the Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was entitled immediately before such adjustment, but so that no such adjustment shall be made to the extent that the effect of such adjustment would be to enable any Share to be issued at less than its nominal value; and
- (b) notwithstanding paragraph (j)(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and any guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

In respect of any adjustment required by this paragraph (j), other than any made on a capitalisation issue, an independent financial adviser or the Auditors must also confirm to the Board in writing that the adjustments satisfy the above proviso. The capacity and role of the independent financial adviser or the Auditors pursuant to this paragraph (j) is that of experts and not of arbitrators and their confirmation shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

**(k) RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER OR BY WAY OF SCHEME OF ARRANGEMENT**

If a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall, even though the Option Period has not yet commenced, be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse.

**(l) RIGHTS ON WINDING-UP**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (such notice to specify the record date for ascertaining entitlements to attend and vote at the proposed general meeting, together with a notice of the existence of the provisions of this paragraph (l)) and thereupon, each Grantee shall, even if the Option Period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

**(m) RIGHTS ON A COMPROMISE OR ARRANGEMENT**

If, pursuant to the Companies Act, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and a notice is given by the Company to its members or creditors to convene a general meeting for the purposes of considering, and if thought fit, approving such a compromise or arrangement, the Company shall on the same date as or soon after it despatches such notice to each member or creditor of the Company give notice thereof to all Grantees (such notice to specify the record date for ascertaining entitlements to attend and vote at the proposed general meeting, together with a notice of the existence of the provisions of this paragraph (m)), and thereupon, each Grantee shall, even if the Option Period has not yet commenced, be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the record date for ascertaining entitlements to attend and vote at the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the record date for ascertaining entitlements to attend and vote at the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

**(n) RANKING OF SHARES**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company.

The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

**(o) PERIOD OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. The Company may, by a resolution passed at a general meeting of its Shareholders or at a meeting of the Board, at any time terminate the operation of the New Share Option Scheme.

**(p) ALTERATIONS TO THE NEW SHARE OPTION SCHEME**

Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

**(q) CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional upon:

- (i) the passing by the shareholders of the Company in general meeting of an ordinary resolution to approve the adoption of the New Share Option Scheme;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under the New Share Option Scheme; and
- (iii) if required, the Bermuda Monetary Authority granting consent in respect of the issue of Options under the New Share Option Scheme.

**(r) LAPSE OF OPTION**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (h), (i) or (k) above respectively;
- (iii) subject to paragraph (l) above, the earliest of the close of business on the second Business Day prior to the record date for ascertaining entitlements to attend and vote at the general meeting referred to in paragraph (l) above or the date of commencement of the winding-up of the Company;
- (iv) save as otherwise provided in paragraph (m) above or by the Court in relation to the scheme in question, upon the sanctioning pursuant to the Companies Act by the Supreme Court of Bermuda of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (v) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of, or in any relevant relationship with, the Company or any Subsidiary by reason of the termination of his employment, office or consultancy or relationship on any one or more of the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal or party would be entitled to terminate his employment, office, consultancy or relationship at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or consultancy or other agreement or arrangement with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment, office or consultancy of, or relationship with, a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph (r)(v) or that one or more of the grounds specified in this paragraph (r)(v) has arisen in respect of the employment, office or consultancy of, or relationship with, a Grantee shall be conclusive and binding on the Grantee;

- (vi) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director) or consultant of, or in any relevant relationship with, the Company or any Subsidiary by reason of the termination of his employment, office, consultancy or relationship on any one or more of the grounds that he has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally;
- (vii) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director) or consultant of, or in any relevant relationship with, the Company or any Subsidiary for any reason other than death if the Option Period has not then commenced and for the purposes of this paragraph (r)(vii) the day immediately after the date of cessation shall be the last actual day of employment, office, consultancy or relationship with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable). For the avoidance of doubt, where the Grantee is an employee (whether full time or part time) of the Company, the last actual day of employment shall be the last day the Grantee physically attended work for the Company; or
- (viii) where the Grantee commits a breach of paragraph (g) above, the date on which the Board shall exercise the Company's right to cancel the Option.

**(s) PERFORMANCE TARGET**

Unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance target before any Option granted under the New Share Option Scheme can be exercised.

**(t) TERMINATION OF THE NEW SHARE OPTION SCHEME**

The Company by resolution passed at a general meeting of its Shareholders or at a meeting of the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be granted or accepted but the provisions of the New Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

**(u) RESTRICTION ON GRANT OF OPTION**

In addition, a grant of Options may not be made after a price sensitive event has occurred or after inside information has come to the knowledge of the Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or, not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

**(v) CANCELLATION**

The Board may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the New Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within each of the 10-per cent. limit as referred to in paragraph (e)(i) above.

**(w) PRESENT STATUS OF THE NEW SHARE OPTION SCHEME**

As at the date of this circular, no Option has been granted or agreed to be granted pursuant to the New Share Option Scheme.

**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)**

**Notice is hereby given** that the annual general meeting of China Ecotourism Group Limited (the “**Company**”) will be held at The Function Room 1-2, 2/F., The Harbourview, 4 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 2 August 2022 for the following purposes:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and independent auditors of the Company for the year ended 31 December 2021.
2.
  - (i) To re-elect Mr. CHAN Ming Fai as director of the Company.
  - (ii) To re-elect Mr. DI Ling as director of the Company.
  - (iii) To re-elect Dr. MENG Zhijun as director of the Company.
  - (iv) To re-elect Mr. QIU Peiyuan as director of the Company.
3. To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of Directors.
4. To re-appoint Crowe (HK) CPA Limited as the auditor and authorise the Board to fix its remuneration.
5. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION****“THAT:**

- (i) the exercise by the Board during the Relevant Period (as hereinafter defined in this Resolution) of all powers of the Company to purchase issued shares of HK\$0.025 each in the capital of the Company (“**Shares**”), subject to paragraph (ii) below, be and is hereby generally and unconditionally approved;



- (ii) the total number of Shares which may be purchased by the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Code on Share Buy-backs, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) or of any other stock exchange as amended from time to time, pursuant to the approval in paragraph (i) above shall not exceed 10% of the number of issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly;
  - (iii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Board and shall authorise the Board on behalf of the Company during the Relevant Period (as defined below) to procure the Company to purchase its Shares, subject to and in accordance with all applicable laws and requirements of the Listing Rules or of any other stock exchange as amended from time to time, at such prices as the Board at their discretion may determine; and
  - (iv) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
    - (a) the conclusion of the next annual general meeting of the Company;
    - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
    - (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

#### **ORDINARY RESOLUTION**

**“THAT:**

- (i) subject to paragraph (iii) below, the exercise by the Board during the Relevant Period (as hereinafter defined in this Resolution) of all the powers of the Company to allot, issue or deal with additional shares in the share capital of the Company or securities convertible into shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options, which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Board and shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of securities allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted or issued or dealt with (whether pursuant to an option or otherwise) by the Board pursuant to the approval in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined in this Resolution); (b) any share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to its eligible participants of shares or rights to acquire Shares; (c) the exercise of rights of subscription or conversion under the terms of any warrants or convertible bonds issued by the Company or any securities which are convertible into Shares; or (d) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company, shall not exceed 20% of the issued share capital of the Company at the date of passing this Resolution and the approval in paragraph (i) above shall be limited accordingly;
- (iv) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda to be held; and
  - (c) the revocation or variation of the approval given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Board to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

7. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** conditional upon the passing of Resolutions numbered 5 and 6 set out in the notice of annual general meeting dated 8 July 2022, the aggregate number of the securities of the Company that the Directors may allot, issue or deal with additional Shares or securities convertible into Shares, options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options under the general mandate granted to the Board pursuant to such Resolution numbered 6 be and is hereby increased by the aggregate number of Shares repurchased by the Company pursuant to and in accordance with Resolution numbered 5, provided that such amount shall not exceed 10% of the number of issued share capital of the Company at the date of passing this Resolution.”

8. As special business, to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution:

**ORDINARY RESOLUTION**

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval of the listing of, and permission to deal in, the shares of the Company which fall to be allotted and issued pursuant to the exercise of options granted under the proposed share option scheme of the Company (the “**New Share Option Scheme**”) (a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification), the rules of the New Share Option Scheme be and are hereby approved and the directors of the Company be and are hereby authorized to execute such documents and take such action as they deem appropriate to implement and give effect to the New Share Option Scheme.”

Yours faithfully  
For and on behalf of the Board  
**China Ecotourism Group Limited**  
**CHAN Tan Na, Donna**  
*Chairperson*

Hong Kong, 8 July 2022

*Notes:*

1. A shareholder who is the holder of two or more Shares and who is entitled to attend and vote at the annual general meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. In the event that a shareholder appoints more than one proxy, on a show of hands, all such proxies shall collectively have one vote unless otherwise provided for in the Bye-laws of the Company.

2. If two or more persons are joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
3. A form of proxy for use at the annual general meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be deposited at the principal place of business of the Company at Unit 3301, 33/F., Global Trade Square, 21 Wong Chuk Hang Road, Wong Chuk Hang, Southern, Hong Kong as soon as possible and, in any event, not less than 48 hours (i.e. 10:00 a.m. on 31 July 2022 (Hong Kong time)) before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and deposit of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof (as the case may be).

**In view of the ongoing Coronavirus Disease 2019 (COVID-19) epidemic, the Company strongly recommends Shareholders to exercise your voting rights by appointing the chairperson of the meeting as your proxy to vote on the relevant resolutions at the meeting as an alternative to attending the meeting in person.**

4. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 28 July 2022 to Tuesday, 2 August 2022, both dates inclusive, during which period no transfer of Existing Shares will be registered. All property completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 27 July 2022 (Hong Kong time).
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at [www.ecotourgroup.com](http://www.ecotourgroup.com) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the shareholders of the date, time and venue of the rescheduled meeting.