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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)

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2025**

### **INTERIM FINANCIAL STATEMENTS**

The board of directors of China Ecotourism Group Limited (the “Company”) (the “Board” or “Directors”) hereby presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2025, together with the comparative unaudited figures for the corresponding period in 2024, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Unaudited</b>	
		<b>Six months ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>	
<b>Notes</b>			
<b>Continuing operations</b>			
	2	<b>51,615</b>	97,033
	3	<b>(28,993)</b>	(49,822)
		<b>22,622</b>	47,211
	4	<b>1,015</b>	8,210
		—	(38,762)
		—	(20,563)
		<b>(16,200)</b>	(37,610)
	5	<b>7,437</b>	(41,514)
	6	<b>(34,183)</b>	(17,466)
		<b>(26,746)</b>	(58,980)
	7	<b>(593)</b>	(797)
		<b>(27,339)</b>	(59,777)
<b>Discontinued operations</b>			
		—	(139)
		<b>(27,339)</b>	(59,916)
<b>Loss attributable to:</b>			
		<b>(29,412)</b>	(67,748)
		<b>2,073</b>	7,832
		<b>(27,339)</b>	(59,916)
<b>Loss per share attributable to owners of the Company for the period</b>			
	8	<b>(0.19)</b>	(0.44)
	8	<b>(0.19)</b>	(0.44)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 31 December	
	2025	2024
	HK'000	HK'000
Loss for the period	(27,339)	(59,916)
Other comprehensive expense for the period: <i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	—	—
Total comprehensive expense for the period	<u>(27,339)</u>	<u>(59,916)</u>
<b>Attributable to:</b>		
Owners of the Company	(29,412)	(67,748)
Non-controlling interests	<u>2,073</u>	<u>7,832</u>
<b>Total comprehensive expense for the period</b>	<b><u>(27,339)</u></b>	<b><u>(59,916)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		4,350	4,402
Right-of-use assets		2,896	3,050
Intangible assets		6,275	7,274
Interests in associates		189	189
Financial assets at fair value through profit or loss ("FVTPL")		49	49
		<b>13,759</b>	14,964
<b>Current assets</b>			
Inventories		27,274	34,196
Accounts receivable	9	—	16,317
Prepayments, deposits and other receivables		14,426	13,519
Restricted bank deposits		18,011	19,385
Cash and bank balances		58,145	59,176
		<b>117,856</b>	142,593
<b>Total assets</b>		<b>131,615</b>	157,557
<b>Current liabilities</b>			
Accounts payable	10	2,844	5,919
Accruals and other payables		201,831	184,513
Contract liabilities		63,337	77,368
Amounts due to key management personnel		14,376	14,886
Tax payable		1,044	1,044
Bank and other borrowings		131,973	140,725
Lease liabilities		746	2,547
Unlisted bonds		209,253	194,699
		<b>625,404</b>	621,701
<b>Net current liabilities</b>		<b>(507,548)</b>	(479,108)
<b>Total assets less current liabilities</b>		<b>(493,789)</b>	(464,144)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Cont'd)*

	<i>Notes</i>	Unaudited as at 31 December 2025 <i>HK\$'000</i>	Audited as at 30 June 2025 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		22,128	22,793
Lease liabilities		2,235	4,478
		24,363	27,271
<b>Net liabilities</b>		<b>(518,152)</b>	<b>(491,415)</b>
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>11</i>	77,211	77,211
Accumulated losses		(2,380,455)	(2,351,043)
Statutory reserve		25,609	25,609
Other reserves	<i>12</i>	1,525,638	1,525,036
		(751,997)	(723,187)
<b>Non-controlling interests</b>		233,845	231,772
<b>Total deficit</b>		<b>(518,152)</b>	<b>(491,415)</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Six months ended 31 December 2025

Attributable to owners of the Company

	Share Capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2025	77,211	(2,351,043)	25,609	1,525,036	231,772	(491,415)
(Loss)/profit for the period	—	(29,412)	—	—	2,073	(27,339)
Other comprehensive expenses:						
Currency translation differences	—	—	—	602	—	602
Total comprehensive expenses	—	(29,412)	—	602	2,073	(26,737)
Appropriation to statutory reserve	—	—	—	—	—	—
At 31 December 2025	77,211	(2,380,455)	25,609	1,525,638	233,845	(518,152)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(Cont'd)

Unaudited

Six months ended 31 December 2024

Attributable to owners of the Company

	Share Capital <i>HK\$ '000</i>	Accumulated losses <i>HK\$ '000</i>	Statutory reserve <i>HK\$ '000</i>	Other reserves <i>HK\$ '000</i>	Non- controlling interests <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
At 1 July 2024	77,211	(2,277,586)	24,515	1,523,048	232,504	(420,308)
(Loss)/profit for the period	—	(67,748)	—	—	7,832	(59,916)
Other comprehensive expenses:						
Currency translation differences	—	—	—	263	—	263
Total comprehensive expenses	—	(67,748)	—	263	7,832	(59,653)
Appropriation to statutory reserve	—	(1,088)	1,088	—	—	—
At 31 December 2024	77,211	(2,346,422)	25,603	1,523,311	240,336	(479,961)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flows before changes in working capital	(10,327)	17,012
Changes in working capital	22,034	11,012
Income tax paid	(1,322)	(1,155)
	<hr/>	<hr/>
Net cash from operating activities	10,385	26,869
Net cash from (used in) investing activities	1,447	(1,316)
Net cash used in financing activities	(12,863)	(7,003)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(1,031)	18,550
Effect of foreign exchange rate changes	—	—
Cash and cash equivalents at beginning of the period	59,176	27,671
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<b>58,145</b>	<b>46,221</b>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

### 1.1 Going concern

In preparing the unaudited condensed consolidated interim financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group, in light of the fact that the Group incurred a net loss of approximately HK\$27,339,000 for the six months ended 31 December 2025, and, as of that date, the Group’s current liabilities exceeded its current assets, and total liabilities exceeded its total assets by approximately HK\$507,548,000 and HK\$518,152,000 respectively. As at the date, the Group’s total liabilities amounted to HK\$646,767,000.

Since October 2023, the Group defaulted in repayment of mortgage loans and convertible bonds resulting in appointment of receivers by the bank in respect of the mortgaged property and the trustee of convertible bonds in respect of the charged shares. Moreover, the Company previously received a winding-up petition filed by a trustee of convertible bonds, and on 13 November 2024 the petition was finally withdrawn. On 11 March 2025, the Company received another winding-up petition (the “Petition”), which was filed against the Company on 11 March 2025 at the High Court of Hong Kong (the “High Court”) by the Hong Kong branch of a creditor bank in the PRC for the winding up of the Company. The Petition is relating to the outstanding indebtedness amount of approximately HK\$78,543,000 (including accrued interest) as at the date of the Petition. Following several joint applications by way of consent summons, the High Court ordered that, among others, the hearing of the Petition be adjourned to 2 March 2026.

Currently, the Group might not be able to meet its liabilities in full unless it is able to generate sufficient cash flows from future operations and/or other sources, since as at 31 December 2025, the Group only had cash and bank balances of approximately HK\$58,145,000 and restricted bank deposits of approximately HK\$18,011,000. These events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In this regard, the management of the Company have identified various initiatives to address the Group’s liquidity needs, which include the following:

- (a) the Company has formulated a debt restructuring involving a scheme of arrangement (the “Creditors Scheme”) to be entered into between the Company and the creditors under Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with the assistance of its restructuring adviser, Acclime Corporate Advisory (Hong Kong) Limited;
- (b) the management of the Company has been working closely with its advisers and having ongoing discussions with the creditors of the Company to formulate a restructuring plan;

- (c) on 24 July 2025, the High Court ordered that, among others, the Company be at liberty to convene a meeting of the creditors of the Company for the Creditors Scheme. Such creditors' meeting was adjourned to and held on 25 September 2025 whereas the Creditors Scheme was approved by the requisite statutory majorities of the creditors with voting claims. At the hearing at the High Court on 15 October 2025, the High Court has granted an order (the "Sanction Order") to approve and sanction the Creditors Scheme. The Company had arranged for the Sanction Order to be delivered to and registered with the Companies Registry of Hong Kong. Subject to the fulfillment of the conditions precedent of the Creditors Scheme, the Creditors Scheme shall become effective;
- (d) the new investor of the Company provided the working capital facility to China LotSynergy Group Limited (a direct wholly owned subsidiary of the Company) in the amount of HK\$15 million for the purpose of financing the general working capital requirements of the Group was renewed and extended to 30 June 2026;
- (e) the Group will continue to implement measures to speed up the collection of outstanding other receivables; and
- (f) the Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

Based on the cash flow forecast of the Group prepared by the management and assuming success of the above measures, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities. Accordingly, the directors of the Company consider it is appropriate to prepare the unaudited condensed consolidated interim financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these unaudited condensed consolidated interim financial statements.

## **1.2 Application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRS")**

Except for the application of new and amendments to HKFRSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 July 2025, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 31 December 2025 are consistent with those adopted in the preparation of audited financial statements for the year ended 30 June 2025.

For the six months ended 31 December 2025, the Group has applied all new and amendments to HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 July 2025. The application of the new and amendments to HKFRSs has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSs that have been issued by the HKICPA but are not yet effective.

## 2. Revenue and segment information

An analysis of the Group's revenue for the periods is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>
<b>Continuing operations</b>		
Sales of lottery terminals and related equipment	<b>43,947</b>	86,171
Sales of natural and health food	<b>166</b>	30
Provision of technical and maintenance services	<b>7,502</b>	10,832
	<b>51,615</b>	97,033
<b>Discontinued operations</b>		
Provision of operation and management services for ecotourism business	<b>—</b>	1,318
Revenue from contracts with customers (within the scope of HKFRS 15)	<b>51,615</b>	98,351
Lease income from operating leases	<b>—</b>	—
Total revenue	<b>51,615</b>	98,351

## 2. Revenue and segment information (Cont'd)

### (a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Unaudited Six months ended 31 December 2025		
	Continuing operations		
	Lottery systems, terminal equipment and related products <i>HK\$'000</i>	Natural and health food <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Revenue from contracts with customers (within the scope of HKFRS 15)	<u>51,449</u>	<u>166</u>	<u>51,615</u>
Segment profit	<u>6,957</u>	<u>64</u>	7,021
Interest income			288
Finance costs			(31,352)
Unallocated expenses			<u>(2,703)</u>
Loss before income tax			<u><u>(26,746)</u></u>

## 2. Revenue and segment information (Cont'd)

### (a) Segment revenue and results (Cont'd)

	Unaudited Six months ended 31 December 2024			
	Continuing operations		Discontinued operations	
	Lottery systems, terminal equipment and related products <i>HK\$'000</i>	Natural and health food <i>HK\$'000</i>	Ecotourism <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Revenue from contracts with customers (within the scope of HKFRS 15)	<u>97,003</u>	<u>30</u>	<u>1,318</u>	<u>98,351</u>
Segment profit/(loss)	<u>22,845</u>	<u>(81)</u>	<u>(139)</u>	22,625
Interest income				73
Fair value loss on derivative financial liabilities at FVTPL				(74,127)
Finance costs				(285)
Unallocated expenses				<u>(7,405)</u>
Loss before income tax				<u><u>(59,119)</u></u>

## 2. Revenue and segment information (Cont'd)

### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

#### Segment assets

	<b>Unaudited as at 31 December 2025 HK\$'000</b>	<b>Audited as at 30 June 2025 HK\$'000</b>
<b>Continuing operations</b>		
Lottery systems, terminal equipment and related products	<b>69,999</b>	94,102
Natural and health food	<b>890</b>	808
<b>Discontinued operations</b>		
Ecotourism	—	2,220
	<hr/>	<hr/>
Total segment assets	<b>70,889</b>	97,130
Interests in associates	<b>189</b>	189
Financial assets at FVTPL	<b>49</b>	49
Unallocated	<b>60,488</b>	60,189
	<hr/>	<hr/>
Consolidated assets	<b>131,615</b>	157,557
	<hr/> <hr/>	<hr/> <hr/>

#### Segment liabilities

	<b>Unaudited as at 31 December 2025 HK\$'000</b>	<b>Audited as at 30 June 2025 HK\$'000</b>
<b>Continuing operations</b>		
Lottery systems, terminal equipment and related products	<b>137,720</b>	132,219
Natural and health food	<b>12,828</b>	11,833
<b>Discontinued operations</b>		
Ecotourism	—	6,162
	<hr/>	<hr/>
Total segment liabilities	<b>150,548</b>	150,214
Unallocated	<b>499,219</b>	498,758
	<hr/>	<hr/>
Consolidated liabilities	<b>649,767</b>	648,972
	<hr/> <hr/>	<hr/> <hr/>

## 2. Revenue and segment information (Cont'd)

### (c) Geographical information

Information about the Group's revenue from external customers is presented based on the location of the customers.

	Unaudited	
	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
		(restated)
<b>Continuing operations</b>		
People's Republic of China ("PRC")	50,836	95,492
Others	779	1,541
	<u>51,615</u>	<u>97,033</u>
<b>Discontinued operations</b>		
PRC	—	1,318
	<u>—</u>	<u>1,318</u>
	<b><u>51,615</u></b>	<b><u>98,351</u></b>

## 3. Cost of sales and services

	Unaudited	
	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
		(restated)
<b>Continuing operations</b>		
Amortisation of intangible assets	1,663	1,663
Business tax	24	179
Cost of inventories recognised as expense	21,362	40,556
Repairs and maintenance	1,272	—
Others	4,672	7,424
	<u>28,993</u>	<u>49,822</u>
<b>Discontinued operations</b>		
Others	—	720
	<u>—</u>	<u>720</u>
	<b><u>28,993</u></b>	<b><u>50,542</u></b>

#### 4. Other income

	Unaudited	
	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
<b>Continuing operations</b>		
Interest income from bank deposits and loan receivables	288	73
Others	727	8,137
	<u>1,015</u>	<u>8,210</u>
<b>Discontinued operations</b>		
Others	—	1
	<u>—</u>	<u>1</u>
	<u><b>1,015</b></u>	<u><b>8,211</b></u>

#### 5. Operating loss

	Unaudited	
	Six months ended 31 December	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
Operating loss is stated after charging:		
<b>Continuing operations</b>		
Staff costs	21,561	21,943
Depreciation of other items of property, plant and equipment	187	430
<b>Discontinued operations</b>		
Staff costs	—	78
	<u>—</u>	<u>78</u>

## 6. Finance costs

	Unaudited	
	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
		(restated)
<b>Continuing operations</b>		
Interest expenses on bank and other borrowings	16,771	10,955
Interest expenses on lease liabilities	26	—
Effective interest expenses on unlisted bonds	14,555	3,939
Other interest expenses	2,831	2,572
	<u>34,183</u>	<u>17,466</u>
<b>Discontinued operations</b>		
Interest expenses on lease liabilities	—	221
	<u>34,183</u>	<u>17,687</u>

## 7. Income tax expenses

	Unaudited	
	Six months ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
Current tax		
— PRC Enterprise Income Tax	(1,322)	(1,155)
Deferred tax		
— Origination and reversal of temporary differences	729	358
	<u>(593)</u>	<u>(797)</u>

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the six months ended 31 December 2025 (31 December 2024: Nil).

Taxation in the PRC has been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates.

## 8. Loss per share

Basic and diluted loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of 154,422,109 (2024: 154,422,109) ordinary shares in issue during the period.

No diluted loss per share is presented for both periods as there was no potential dilutive ordinary share outstanding.

## 9. Accounts receivable

The ageing analysis of the accounts receivable net of loss allowance at the end of the reporting period, based on invoice date, is as follows:

	<b>Unaudited as at 31 December 2025 HK\$'000</b>	<b>Audited as at 30 June 2025 HK\$'000</b>
Less than three months	—	15,167
Over three months but less than one year	—	1,150
	<u>—</u>	<u>16,317</u>
	<b><u>—</u></b>	<b><u>16,317</u></b>

## 10. Accounts payable

The ageing analysis of the accounts payable at the end of the reporting period, based on invoice date, is as follows:

	<b>Unaudited as at 31 December 2025 HK\$'000</b>	<b>Audited as at 30 June 2025 HK\$'000</b>
Less than three months	1,628	4,567
Over three months but less than one year	—	—
Over one year	1,216	1,352
	<u>1,628</u>	<u>1,352</u>
	<b><u>2,844</u></b>	<b><u>5,919</u></b>

## 11. Share capital

	<b>Unaudited</b>	
	<b>Authorised ordinary shares</b>	
	<i>Number of shares</i>	<i>HK\$'000</i>
<b>At 1 July 2024, 31 December 2024, 1 July 2025 and 31 December 2025</b>		
Balance of authorised ordinary shares of HK\$0.50 each	<b><u>250,000,000</u></b>	<b><u>125,000</u></b>

	<b>Unaudited</b>	
	<b>Issued and fully paid ordinary shares</b>	
	<i>Number of shares</i>	<i>HK\$'000</i>
<b>At 1 July 2024, 31 December 2024, 1 July 2025 and 31 December 2025</b>		
Balance of issued ordinary shares of HK\$0.50 each	<b><u>154,422,109</u></b>	<b><u>77,211</u></b>

## 12. Reserves

Unaudited						
Six months ended 31 December 2025						
	Share Premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Currency translation reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 July 2025	1,625,182	15,158	(42,657)	(75,246)	2,599	1,525,036
Currency translation differences						
— overseas subsidiaries	—	—	—	602	—	602
Balance as at 31 December 2025	<u>1,625,182</u>	<u>15,158</u>	<u>(42,657)</u>	<u>(74,644)</u>	<u>2,599</u>	<u>1,525,638</u>

Unaudited						
Six months ended 31 December 2024						
	Share Premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Currency translation reserve <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 July 2024	1,625,182	15,158	(42,657)	(76,559)	1,924	1,523,048
Currency translation differences						
— overseas subsidiaries	—	—	—	263	—	263
Balance as at 31 December 2024	<u>1,625,182</u>	<u>15,158</u>	<u>(42,657)</u>	<u>(76,296)</u>	<u>1,924</u>	<u>1,523,311</u>

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2025 (2024: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

In 2025, the Chinese economy demonstrated strong resilience and dynamic growth. Amid a complex global environment characterised by insufficient momentum for economic recovery, frequent geopolitical conflicts across multiple regions, profound adjustments in international trade and economic rules, and accelerated restructuring of global industrial and supply chains, the Chinese economy continued to operate within a reasonable range, maintaining overall stability and achieving steady progress.

During the reporting period (July to December 2025), the Group's lottery business and natural health food business operated smoothly.

### **BUSINESS REVIEW AND OUTLOOK**

#### **Lottery Business**

As a technology provider and operational service provider for lottery systems, terminal equipment, and game products in China's public welfare lottery industry, the Group's business covers computer-generated ticket games, video lottery, instant lottery, new media lottery, and related fields. It continuously explores and develops new potential business areas. Leveraging solid technological expertise, proactive market expansion, and a rigorous corporate governance system, the Group has established a solid market foundation, built a high-quality corporate brand, and developed comprehensive competitiveness for sustainable development. While consolidating its domestic market advantages, the Group actively expands its international business, gradually forming a development layout encompassing both domestic and international markets.

#### **China's Lottery Market**

The Chinese lottery market developed soundly in 2025, with sales reaching a new record high. According to data released by the Ministry of Finance, national lottery sales in 2025 totaled RMB627.969 billion, an increase of RMB4.483 billion, or 0.7% increase year-on-year, demonstrating sustained consumer enthusiasm for lottery purchases. As an important source of non-tax government revenue, the steady growth of lottery public welfare funds continues to inject momentum into various public welfare sectors, such as social welfare and sports.

In the second half of 2025, cumulative national lottery sales reached RMB310.115 billion, a slight 1.6% decrease year-on-year. Specifically, welfare lottery sales amounted to RMB101.468 billion, a 1.4% decrease year-on-year, and sports lottery sales amounted to RMB208.648 billion, a 1.6% decrease year-on-year. By lottery type in the second half of 2025, sports lottery sales were the main type, accounting for 44% of total sales at RMB137.489 billion. Affected by the high base formed in the major sports year of 2024 and event cycles, sales decreased by 10.1% year-on-year. Lotto and digital lottery grew steadily, with sales of RMB88.348 billion, accounting for 28% of total sales, and a marginal 0.5% year-on-year decrease. Paper-based Scratch Card lottery posted strong growth, with sales of RMB63.193 billion, accounting for 20% of total sales, and a 20.4% year-on-year increase. KENO lottery sales were RMB21.083 billion, accounting for 7% of total sales, a 1.0% year-on-year increase. Video lottery sales were RMB2.6 million.

#### **Computer-generated ticket games ("CTG")**

CTG, as the primary lottery type in China's lottery industry, is sold through lottery outlets and dedicated betting terminals. In this sector, the Group focuses on its core business, deepening its presence in key regions and critical areas, with its terminal equipment and technology system business continuing to develop steadily.

Guangzhou Lottnal Terminal Company Limited, Guangzhou Three Rings Yongxin Technology Company Limited and Beijing Bestinfo Cyber Technology Co., Ltd., subsidiaries of the Group, are all well-known enterprises in the lottery industry. They specialise in providing core trading systems, comprehensive information management systems, lottery betting terminals, and core products and services such as lottery scanners and readers to lottery institutions, and have received recognition from both welfare and sports lottery organisations. The lottery terminals developed and produced by Guangzhou Lottnal Terminal Company Limited, with advantages such as high performance, high reliability, low power consumption, high speed, and wide format, are widely used in 19 provinces across the country and have become benchmark products in the industry. Beijing Bestinfo Cyber Technology Co., Ltd., with over two decades of experience in lottery system construction, continues to provide system software R&D and maintenance services to institutions such as Guangdong Welfare Lottery. It has witnessed Guangdong Welfare Lottery's leapfrog development from annual sales of RMB1 billion to RMB10 billion and then to RMB20 billion, creating the largest provincial-scale and highest-sales success case in China's welfare lottery industry.

As the Group's core pillar business, CTG's terminal equipment and system services continue to develop and maintain a leading position. In the second half of 2025, Guangzhou Lottnal Terminal Company Limited, with its self-developed high-performance terminal products, successfully won bids for sports lottery terminal procurement and maintenance projects in provinces including Jiangsu, Zhejiang, Guangdong, and Hunan. On the welfare lottery front, Guangdong Welfare Lottery, served by the Group, achieved sales of RMB11.83 billion in the second half of 2025, firmly ranking first among provincial welfare lotteries; Chongqing Welfare Lottery, also served by the Group, achieved sales of RMB2.32 billion in the second half of 2025. In system services, after winning the bid in June 2025 for the maintenance and development project of Guangdong Welfare Lottery's CTG sales management system, the Group steadily progressed with system operation maintenance and new feature development in the second half of 2025, ensuring the stable and efficient operation of Guangdong Welfare Lottery's sales management system and official website. The Group's competitive advantages in both the welfare and sports lottery markets were further solidified.

## **Overseas Business**

In the second half of 2025, the global economy continued its pattern of "weak recovery, high divergence", with growth slowing in developed economies. In contrast, emerging markets like Southeast Asia and West Africa demonstrated strong development vitality, benefiting from resilient domestic demand and dividends from industrial relocation.

In the Philippines, policy continuity was well maintained after the mid-term elections, with potential acceleration in the implementation of infrastructure and foreign investment projects. The digital economy and green energy emerged as new growth drivers, pushing local economic growth above the global average. Leveraging this favourable macro environment, the Group and its partners actively advanced the electronic lottery project, completing the development and testing of new games. Simultaneously, in collaboration with local market operating companies, a new draw design for electronic lottery games was completed, better aligning with the consumption habits of the local young consumer group. The product is currently in the final debugging stage and is planned for official launch and sales in the first quarter of 2026.

Furthermore, after years of dedicated cooperation with partners, the Group's lottery business in West Africa (Liberia) officially commenced draws and sales on 13 November 2025. The Group innovatively introduced a new sales model in the Liberian lottery market and believes the West African business will continue to contribute to the Group's revenue going forward.

## **Smart Retail**

As the demand for digital and intelligent transformation in the lottery industry grows, the Group has pioneered the concept of lottery new retail. It integrates cutting-edge technologies, including smart hardware, IoT, big data, blockchain, and artificial intelligence, into the operations, management, and marketing of lottery sales channels. The Group has developed a comprehensive intelligent retail solution covering various smart terminal products and systems for smart store management, intelligent payment, smart marketing, and big data services, providing all-round, integrated service support for lottery institutions and sales outlets.

## **Video Lottery**

Dongguan Tianyi Electronics Company Limited (“DGTY”), a subsidiary of the Group, was the exclusive equipment provider for the China Welfare Lottery Video Lottery – Welfare VLT, is an instant electronic video lottery issued by China Welfare Lottery which was suspended in July 2020.

DGTY and Beijing China Lottery Online Technology Company Limited (“CLO”) entered into a ten-year cooperative contract in 2005, pursuant to which DGTY would supply Welfare VLT terminal equipment to CLO and received commensurate remuneration for use. After the expiry of the mutual contract in 2015, CLO continued to conduct sales using the terminals of DGTY and generate ongoing revenue but did not make any payment of remuneration for use to DGTY.

As such, DGTY filed a civil lawsuit with the People’s High Court of Beijing in 2016, demanding the payment of remuneration for use by CLO for its continued use of DGTY terminals after the expiry of the contract. The People’s High Court ruled that CLO was required to pay RMB54,835,700 and accrued interests to DGTY. In view of the fact that CLO continued to conduct lottery sales and generate revenue by using terminals owned by DGTY during a period of more than five years after the expiry of the contract and provisions under pertinent laws and regulations, the Group might take further legal action to protect its legal rights and interests.

## **Natural and Health Food Business**

The global green food market size was projected to reach US\$573.24 billion in 2025, expanding at a compound annual growth rate (CAGR) of 8.4%, and is expected to exceed US\$1 trillion by 2032. This growth is primarily driven by strong consumer demand for organic, natural, and environmentally friendly foods.

China’s health supplement market is expected to reach RMB244.67 billion in 2025 and RMB253.1 billion in 2026. The broader health food market, encompassing natural health foods and nutritional health foods, currently has a combined market size of approximately RMB600 billion. Since 2025, profound changes have occurred in external demand and channels including (1) On the demand side: consumer groups are expanding from the “silver-haired generation” to younger demographics. Consumption scenarios are expanding from disease prevention to personalised needs such as stress relief and weight management. Product forms are evolving from medicinal preparations to items like gummies; and (2) On the channel side: the rise of interest-based e-commerce, cross-border e-commerce, and membership supermarkets have better addressed issues of consumer trust deficit and lack of category awareness for health foods. Driven by this, the health food sector has recently witnessed structural category prosperity, with products such as oats, walnuts, sports nutrition, and gut health experiencing rapid growth. The Group adjusts its products and operations in line with market demand trends.

During the review period, the natural health food business operated smoothly. Regarding products, we avoid product homogeneity by focusing deeply on specific “medicine-food homology” categories, seizing opportunities in consumption scenario innovation, and addressing post-pandemic era needs for personal vitality nourishment and physical strengthening. We develop products with clear functions and user-friendly forms.

Operationally, we adopt a dual frontline approach. We promote and sell Forest Food through online by flagship stores on JD.com and Tmall, as well as official mini-program platforms for Food and Yongzhentang Health. In terms of offline, we collaborate with community leaders to absorb private traffic and increase our consumer base.

Despite the industry’s vigorous development in 2025, it currently faces two core challenges, including insufficient basic research and ambiguous consumer perception. On one hand, the modern scientific mechanisms and efficacy evaluation systems for medicine-food homology products are not yet fully established, and the depth of integration between industry, academia, and research is inadequate. On the other hand, consumers harbour misunderstandings about product attributes, efficacy, and consumption methods, which easily confuse them with ordinary food or medicine, thereby hindering standardised market development.

The industry has evolved from a stage of “unstable foundation” to one of “difficult trust-building”. In the future, we will support our products with solid scientific evidence, respond to the information age with complete transparency, and win consumer recognition with genuinely sustainable practices — transitioning from “making it” to achieve “selling it well and being trusted”. In 2026, we aim to address the issue of consumer trust: “how to make consumers believe in and choose you in a transparent information market”. We will maintain comprehensive transparency and sincerity in marketing and supply chains. Forest food certification and traceability can serve as powerful verification tools for consumers. We will overcome industry challenges through ingredient innovation, scientific validation, and precise scenario positioning.

## **FUTURE OUTLOOK**

In recent years, China’s lottery industry has been transitioning and upgrading towards high-quality development, shifting focus from “pursuing quantity” to “enhancing quality”, injecting new momentum for sustained growth and achieving record-high sales year after year.

In 2026, China’s lottery industry will continue to advance steadily along the path of high-quality development, with channel innovation, technological upgrading, and strengthening of public welfare attributes becoming core development trends. Simultaneously, the development potential of lottery industries in overseas emerging markets will gradually be released, presenting the Group with multiple development opportunities. Moving forward, the Group will closely adhere to the strategic direction of “consolidating core advantages, deepening technological innovation, and expanding into global markets” to drive higher-quality as well as achieve sustainable business growth.

## FINANCIAL REVIEW

During the six months period ended 31 December 2025, the Group recorded a turnover of approximately HK\$51.6 million (2024: approximately HK\$97 million (restated)), representing a decrease of approximately 47 % over the same period of last year. Loss attributable to owners of the Company for the six months period ended 31 December 2025 amounted to approximately HK\$29.4 million (2024: approximately HK\$67.7 million).

### Liquidity, Financial Resources, Gearing Ratio and Capital Structure

The Group had outstanding principal amount of bank and other borrowings as at 31 December 2025 of approximately HK\$132 million (at 30 June 2025: HK\$140.7 million).

On 7 April 2017, the Company had 7.5% convertible bonds due 2019 in the aggregate outstanding principal amount of HK\$175,950,000 (the “New Option 1 Bonds”) constituted by a trust deed. The trust deed was later as supplemented and amended by a supplemental trust deed dated 28 March 2019, a second supplemental trust deed dated 4 November 2019, a third supplemental trust deed dated 28 April 2020, a fourth supplemental trust deed dated 3 May 2021, a fifth supplemental trust deed dated 3 November 2021 and a sixth supplemental trust deed dated 5 May 2022 (the “6th Supplemental Trust Deed”). On 5 May 2022, the Company and the holders of New Option 1 Bonds entered into the 6<sup>th</sup> Supplemental Trust Deed to further extend the maturity date from 7 November 2022 to 7 November 2023 and the principal amount outstanding of the New Option 1 Bonds was increased from HK\$113.6 million to HK\$154.2 million including accrued interest up to (but excluding) 7 May 2022. 100% of New Option 1 Bonds was repayable in one lump sum on 7 November 2023 and bore interest at 7.0% per annum with effective from 5 May 2022.

The outstanding principal and accrued interest due and payable of New Option 1 Bonds on 7 November 2023 (the “Maturity Date”) was HK\$154,162,000 and HK\$5,440,376.98 respectively. The Company had not made any payment of the principal and interest on the New Option 1 Bonds within three business days after the Maturity Date, therefore on 10 November 2023 an event of default occurred. On 8 December 2023, the Company received statutory demand from the trustee of New Option 1 Bonds demanding payment amount of HK\$160,780,174.66. On 8 July 2024, the Company received a winding-up petition in relating to the outstanding principal of the New Option 1 Bonds in an aggregate amount of HK\$154,162,000 and the accrued interest of HK\$14,562,142.52. The winding up petition had been adjourned and finally was withdrawn on 13 November 2024. At 30 June 2025, the carrying amount of unlisted bonds was approximately HK\$194.7 million (2024: Derivative financial liabilities at FVTPL of approximately HK\$168.8 million).

Reference is made to the announcements of the Company dated 13 June 2025 and 9 July 2025 in relation to the exchange proposal (the “Exchange Proposal”) for the exchange of the entire aggregate outstanding principal amount of the New Option 1 Bonds and the interest accrued thereon for the new bonds (the “New Bonds”). Upon the settlement of the Exchange Proposal on 9 July 2025, the New Option 1 Bonds has been cancelled and marked down, and the outstanding principal amount of the New Option 1 Bonds and the interest accrued thereon have been exchanged into the New Bonds.

Immediately prior to the settlement of the Exchange Proposal on 9 July 2025, the New Option 1 Bonds in the outstanding principal amount is approximately HK\$154.2 million with interest accrued thereon amounting to approximately HK\$41.2 million as at 9 July 2025. Upon the settlement of the Exchange Proposal on 9 July 2025, the New Bonds in part of the principal amount of approximately HK\$195.4 million were issued to the holders of the New Bonds, which is subject to adjudication and the final determination by the Scheme Administrators in accordance with the terms of the Creditors Scheme.

The Group's total deficit amounted to approximately HK\$518.2 million at 31 December 2025 (at 30 June 2025: HK\$491.4 million). At 31 December 2025, net current liabilities of the Group amounted to approximately HK\$507.5 million (at 30 June 2025: HK\$479.1 million), including approximately HK\$76.2 million in cash and deposits with banks and financial institution (at 30 June 2025: HK\$78.6 million).

The gearing ratio (defined as total liabilities over total assets) of the Group at 31 December 2025 was approximately 493.7% (at 30 June 2025: 411.9%).

### **Unlisted Bonds**

At 31 December 2025, the liability component of unlisted bonds was approximately HK\$209.3 million (at 30 June 2025: HK\$194.7 million).

### **Exposure to Exchange Rates Fluctuations**

All the Group's assets, liabilities and transactions are denominated either in Hong Kong dollar, United States dollar or Renminbi. Foreign exchange risk arising from the normal course of operations is considered to be minimal.

### **Contingent Liabilities**

At 31 December 2025, the Group did not have any material contingent liabilities (at 30 June 2025: Nil).

### **STAFF**

As at 31 December 2025, the Group employed 199 staff (30 June 2025: 204). The management believes that the competence of employees is a major contributing factor to the Group's sustained growth and advancement in profitability. Staff remuneration is based on performance and experience. In addition to basic salary, benefits for employees include a performance-related bonus, mandatory provident fund, medical insurance and regulated employees' social security program in China. The Group also adopted a share option scheme under which options may be granted to eligible staff based on individual performance. Training programs for staff are provided as and when required.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2025.

### **AUDIT COMMITTEE**

The Audit Committee of the Company (the "Audit Committee") currently comprises the three Independent Non-Executive Directors of the Company, namely Dr. MENG Zhijun, Mr. DUAN Xinxiao and Mr. LAU Fai Lawrence. The unaudited consolidated interim results of the Group for the six months ended 31 December 2025 have been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules (the “Code”) throughout the six months ended 31 December 2025, except for the deviations as disclosed below:

According to Code provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The chairman of the Board and the Managing Director (i.e. Chief Executive Officer) (the “Chairman and the CEO”) is not subject to retirement by rotation as the Board considers that the continuity of office of the Chairman and the CEO provides the Group a strong and consistent leadership and is of great importance to the smooth operations of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

According to Code provision C.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. On 22 November 2024, Ms. ZHU Xinxin, an Executive Director, was appointed as the Chief Executive Officer of the Company (the “CEO”) whom is responsible to oversee the management of day-to-day operations of the Group. Since the resignation of former Chairman on 22 November 2024 and up to date of this announcement, the Company has not appointed the Chairman. The Board is looking for a suitable candidate to meet the needs of the effective management of the Board. The CEO and/or other executive Directors will take turns to assume the role of Chairman, ensuring that directors receive timely accurate, clear, complete, and reliable information until the appointment of the Chairman. The Board is reviewing the effectiveness of the structure to balance the power and authority of the Board and authority of the Board and the management from time to time.

## **REQUIRED STANDARD OF DEALINGS REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings regarding securities transactions by Directors set out in the Model Code as its code of conduct for dealings in securities of the Company by the Directors (the “Code of Conduct”). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Code of Conduct during the six months ended 31 December 2025.

On behalf of the Board  
**China Ecotourism Group Limited**  
**ZHU Xinxin**  
*Director and Chief Executive Officer*

Hong Kong, 25 February 2026

As at the date of this announcement, the Board comprises Ms. ZHU Xinxin and Mr. DI Ling as Executive Directors; and Dr. MENG Zhijun, Mr. DUAN Xinxiao and Mr. LAU Fai Lawrence as Independent Non-executive Directors.