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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)

(1) PROPOSED RESTRUCTURING INVOLVING (i) CAPITAL REORGANISATION; (ii) SHARE PREMIUM CANCELLATION; (iii) CREDITORS SCHEME; (2) CHANGE IN BOARD LOT SIZE; (3) CONNECTED TRANSACTION – ISSUE OF SCHEME SHARES UNDER SPECIFIC MANDATE; AND (4) APPLICATION FOR WHITEWASH WAIVER AND CONSENT FOR SPECIAL DEAL

Independent Financial Adviser to the Independent Board Committee

BACKGROUND

As disclosed in the announcement of the Company dated 11 March 2025, on 11 March 2025, the Company received the Winding-up Petition, which was filed against the Company on 11 March 2025 at the Hong Kong Court by the Petitioner for the winding up of the Company under the provisions of the Companies (WUMP) Ordinance. The Petition is related to the outstanding indebtedness amount of HK$78,542,936.71 (inclusive of the accrued interest).

In light of the Winding-up Petition and the Company is currently facing severe financial difficulties, the Board intends to pursue a restructuring and to formulate the terms of the proposed Restructuring, which the Board considers to be in the interest of all of the stakeholders in the Company, including the Creditors.

PROPOSED RESTRUCTURING

The proposed Restructuring involves, among others, (i) the Capital Reorganisation; (ii) the Share Premium Cancellation; and (iii) the Creditors Scheme.

CAPITAL REORGANISATION

The Company proposes to implement, subject to the approval by the Independent Shareholders, the Capital Reorganisation involving, (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Sub-division; and (iv) the Increase in Authorised Share Capital. The credit arising from the Capital Reorganisation will be transferred to the Contributed Surplus Account for use by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws. It is expected that the amount standing to the credit of the Contributed Surplus Account will be used to set off against the accumulated losses of the Company.

SHARE PREMIUM CANCELLATION

The Board intends to put forward for approval by the independent shareholders a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the date on which the Share Premium Cancellation is to take effect to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the applicable law and the Bye-Laws. It is expected that the amount standing to the credit of the Contributed Surplus Account will be used to set off against the accumulated losses of the Company.

CHANGE IN BOARD LOT SIZE

Subject to the Capital Reorganisation becoming effective, the Board also proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 2,000 New Shares.

CREDITORS SCHEME

The Creditors Scheme shall be implemented, pursuant to which the Creditors with Admitted Scheme Claim(s) would be entitled to receive the Scheme Shares in total of 326,666,666 New Shares or cash to be realised from the Disposal of the Scheme Shares (subject to the maximum Cap of 65,000,000 Scheme Shares) held by the Scheme Company on a *pari passu* basis for the respective Admitted Scheme Claim(s).

Each Creditor shall have the option to choose either (i) the Equity Option to receive the entitled Scheme Shares or (ii) the Cash Option to receive cash to be realised from the Disposal of the Scheme Shares (subject to the maximum Cap of 65,000,000 Scheme Shares) held by the Scheme Company for their benefits as detailed below.

If the entitlement to the Scheme Shares elected for the Cash Option exceeds the Cap, allocations will be reduced pro-rata among participating Creditors by reference to their respective entitlement to the Scheme Shares. Any remaining entitlement to the Scheme Shares of the participating Creditors after applying the pro-rata reduction (i.e. the entitlement to the Scheme Shares elected for the Cash Option exceeding the Cap) will be deemed to be elected for the Equity Option and the relevant number of the Scheme Shares will be allotted and issued to the participating Creditors under the Equity Option.

For the avoidance of doubt, the Creditors electing to receive the Scheme Shares pursuant to the Equity Option are not entitled to the Price Protection as only the Scheme Company (for the benefit of these Creditors who elect to receive cash pursuant to the Cash Option) is entitled to the Price Protection.

For the Creditors who elect for the Cash Option, the Scheme Company (for the benefit of the Creditors other than the Creditors who elect for the Equity Option) shall have the right (exercisable by the Scheme Administrators in their absolute discretion) to dispose of the Scheme Shares on behalf of the relevant Creditors, either in the open market or off market at a price to be determined by the Scheme Company and, given the Price Protection will be in place, realise such Scheme Shares at a price not less than HK$0.15 per Scheme Share. Pursuant to the Price Protection, the Company guarantees to pay any shortfall of the Disposal Price for the Disposal up to a minimum guaranteed price of HK$0.15 per Scheme Share, such that the Scheme Company would receive a minimum of HK$0.15 per Scheme Share on behalf of the relevant Creditors with regard to the Disposal. The expenses to be incurred under the Price Protection will be funded by the Trinity Eagle Undertaking.

The relevant proceeds of the sale of the Scheme Shares, after deducting the costs of realisation and payment of any applicable taxes or duties, will be paid by the Scheme Administrators to that Creditor in full satisfaction of its rights to those Scheme Shares as and when such disposal has been completed.

The Scheme Company shall procure that the purchaser(s) under the Disposal in the off market (or as the case may be, their ultimate beneficial owner(s)) will not be a Shareholder or parties acting in concert with Trinity Eagle and Mr. Chan and will be an Independent Third Party.

Subject to the approval of the Creditors, the Independent Shareholders, the Hong Kong Court and relevant regulators, and upon completion of the Creditors Scheme, all the claims of the Creditors against the Company and liabilities of the Company, and all the claims of the Creditors against the subsidiaries of the Company with such liabilities guaranteed by the Company will be compromised, discharged and released in full. For the avoidance of doubt, any liabilities of the Group which is not subject to the Creditors Scheme (i.e. preferential claims (which was estimated to be approximately HK$48,000 as at 30 June 2025), restructuring costs (which was estimated to be approximately HK$7.4 million as at 30 June 2025), operational debt (which was estimated to be approximately HK$0.7 million as at 30 June 2025), secured claims (the Company was not aware of any secured claims as at 30 June 2025), petition costs (which is impossible to estimate given that the Winding-up Petition filed by the Petitioner is still on-going) and amount due to Mr. Chan under the Working Capital Facility and to Trinity Eagle under the Trinity Eagle Undertaking) will not be compromised, discharged or released upon completion of the Creditors Scheme.

The estimated amount of the Scheme Claims admitted for voting purpose for the Scheme Meeting was approximately HK$489.6 million. Given that interest accruing up to the effective date of the Creditors Scheme will be provable or admissible as part of the Scheme Claims, the Company expects that the total amount of the Admitted Scheme Claims will be no less than HK$490 million.

IMPLICATIONS UNDER THE LISTING RULES

Connected Transaction – Issue of Scheme Shares to Directors and former Director

Based on the records of the Company, the Company has certain Directors' remuneration and owed to three existing Directors, namely Mr. Di Ling, Dr. Meng Zhijun and Mr. Duan Xinxiao, and one former Director in the past 12 months, namely Mr. Wang Anyuan.

Subject to adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Mr. Di Ling, Dr. Meng Zhijun, Mr. Duan Xinxiao and Mr. Wang Anyuan will be Director Creditors.

Accordingly, the issue and allotment of Scheme Shares to the Director Creditors under the Creditors Scheme constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll.

Connected Transaction – Issue of Scheme Shares to deemed connected persons

Based on the records of the Company, (a) among the amounts due from the Group to Trinity Eagle of approximately HK$269 million, approximately HK$80 million are receivables acquired from Ms. Lau Ting and Ms. Chan Tan Na Donna pursuant to the Assignments; and (b) among the amounts due from the Group to Mr. Norman Chan of approximately HK$6.2 million, approximately HK$4.1 million are receivables acquired from Ms. Zhu Xinxin.

Subject to adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Scheme Shares will be allotted and issued to Trinity Eagle and Mr. Norman Chan.

Given that Trinity Eagle proposes to enter into a transaction with the Company (i.e. the Creditors Scheme) and entered into an arrangement (i.e. the Assignments) with Ms. Lau Ting (the controlling shareholder of the Company and thus a connected person of the Company), Trinity Eagle is a deemed connected person of the Company under Rule 14A.20 of the Listing Rules.

Given that Mr. Norman Chan proposes to enter into a transaction with the Company (i.e. the Creditors Scheme) and entered into an arrangement with Ms. Zhu Xinxin (an executive Director and thus a connected person of the Company), Mr. Norman Chan is a deemed connected person of the Company under Rule 14A.20 of the Listing Rules.

Accordingly, the issue and allotment of Scheme Shares to Trinity Eagle and Mr. Norman Chan under the Creditors Scheme constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll.

As such, Ms. Lau Ting and Ms. Zhu Xinxin are involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder and will have to abstain from voting on the relevant resolution(s).

IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the date of this announcement, Trinity Eagle, Mr. Chan and parties acting in concert with any of them did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivative in respect of the securities in the Company, or hold any relevant securities in the Company.

Based on the records of the Company and as at the date of this announcement, other than part of the outstanding principal amount of the New Bonds in the amount of approximately HK$189 million and the interest accrued thereon and the Working Capital Facility in the amount of approximately HK$10.48 million and the interest accrued thereon (which will be an excluded claim from the Creditors Scheme), Trinity Eagle is a creditor of the Company in relation to the interest in certain receivables in the total amount of approximately HK$80 million acquired by Trinity Eagle from Ms. Lau Ting and Ms. Chan Tan Na Donna pursuant to the Assignments on 25 March 2026 (among which (a) approximately HK$49.3 million is advances provided to the Group by Ms. Lau Ting and approximately HK$10.5 million is the outstanding salary due to Ms. Lau Ting, and Ms. Lau Ting is a former executive Director and is interested in approximately 33.86% of the issued share capital of the Company as at the date of this announcement; and (b) approximately HK$10.3 million is advance provided to the Group by Ms. Chan Tan Na Donna and approximately HK$9.5 million is the outstanding salary due to Ms. Chan Tan Na Donna, and Ms. Chan Tan Na Donna is a former executive Director and does not have any interest in issued share capital of the Company as at the date of this announcement, which is subject to adjudication and the final determination by the Scheme Administrators in accordance with the terms of the Creditors Scheme). Given that Ms. Lau Ting and Ms. Chan Tan Na Donna irrevocably and unconditionally agree to transfer the consideration payable by Trinity Eagle upon the Creditors Scheme becomes effective pursuant to the Assignments to the Group as gift, the Assignments do not have any favourable conditions which are not extended to all Shareholders, and as such, do not constitute special deal under Rule 25 of the Takeovers Code. As such, Trinity Eagle, Mr. Chan and parties acting in concert with any of them will be interested in 179,136,362 New Shares (based on the issue price of HK$1.50 per Scheme Share), representing approximately 52.36% of the enlarged issued share capital of the Company immediately after completion of the Creditors Scheme (assuming (i) the outstanding debt to be converted at HK$1.50 per Scheme Share; (ii) the Capital Reorganisation has become effective; and (iii) there is no other change in the issued share capital of the Company from the date of this announcement and up to the effective date of the Creditors Scheme (other than as a result of the Capital Reorganisation and the Creditors Scheme)).

As such, Trinity Eagle would be required to make a mandatory general offer to acquire all the issued shares of the Company (not already owned or agreed to be acquired by Trinity Eagle, Mr. Chan and parties acting in concert with any of them), unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Trinity Eagle will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver, the Capital Reorganisation and the transactions contemplated thereunder and by at least 50% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Creditors Scheme, the Special Deal, and the transactions contemplated thereunder, in which Trinity Eagle, Mr. Chan and parties acting in concert with any of them, Ms. Lau Ting, Ms. Zhu Xinxin and Mr. Qiu Peiyuan who are involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder will have to abstain from voting on the relevant resolution(s). The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the proposed Restructuring will not proceed further. For the avoidance of doubt, the Creditors Scheme is not subject to the independent shareholders' approval in respect of the Share Premium Cancellation.

Consent for Special Deal

Among the Shareholders, Mr. Qiu Peiyuan is the creditor of the Company based on the books and records of the Company.

As at the date of this announcement, based on the books and records of the Company, Mr. Qiu Peiyuan is interested in 1,955,500 Shares (representing approximately 1.27% of the issued Shares at the date of this announcement) and is a creditor of the Company with debt in the amount of approximately HK$0.5 million (all of which is outstanding director's remuneration). Subject to adjudication and final determination by the Scheme Administrators, among the Shareholders, Mr. Qiu Peiyuan will be a Creditor. Scheme Shares may be allotted and issued to the Creditor Shareholders under the Creditors Scheme if it becomes effective and such allotment and issue of the Scheme Shares are not extended to other Shareholders who are not Creditors. If Mr. Qiu Peiyuan elects for the Cash Option, the Scheme Company shall have the right to dispose of the relevant Scheme Shares for the benefit of Mr. Qiu Peiyuan under the Disposal, and such arrangement is not extended to other Shareholders who are not Creditors. As such, the Creditors Scheme (including the Disposal under the Cash Option) constitutes a special deal under Note 5 of Rule 25 of the Takeovers Code, and requires the consent of the Executive, provided that the Independent Financial Adviser considers that the terms of the transactions contemplated thereunder are fair and reasonable and the transaction is approved by the Independent Shareholders at the SGM.

As such, Mr. Qiu Peiyuan, his associates and parties acting in concert with him will be required to abstain from voting on the relevant resolutions relating to the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder to be proposed at the SGM.

Application will be made to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising Mr. Lau Fai Lawrence, being one of the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder are fair and reasonable and in the interest of the Independent Shareholders only and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The remaining independent non-executive Directors, namely, Mr. Duan Xinxiao and Dr. Meng Zhijun are not included in the Independent Board Committee as they are creditors of the Company based on the books and records of the Company, and they are directly interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder.

The Company has appointed the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in accordance with the requirements under the Takeovers Code on such matters.

GENERAL

A circular including, among other things, details of the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and a notice convening the SGM will be despatched to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

Since the proposed Restructuring is subject to various sanctions and approvals (as applicable) by the Hong Kong Court, the Independent Shareholders, the Stock Exchange, the Creditors and relevant regulators, etc., there is no guarantee that the proposed Restructuring will be materialised. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, immediately upon issuance of the Scheme Shares, the shareholding of Trinity Eagle, Mr. Chan and parties acting in concert with any of them in the Company will exceed 50% of the voting rights of the Company. Trinity Eagle, Mr. Chan and parties acting in concert with any of them may increase their shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company.

BACKGROUND

As disclosed in the announcement of the Company dated 11 March 2025, on 11 March 2025, the Company received the Winding-up Petition, which was filed against the Company on the same date at the Hong Kong Court by the Petitioner for the winding up of the Company under the provisions of the Companies (WUMP) Ordinance. The Petition is related to the outstanding indebtedness amount of HK$78,542,936.71 (inclusive of the accrued interest).

In light of the Winding-up Petition and the Company is currently facing severe financial difficulties, the Board intends to pursue a restructuring and to formulate the terms of the proposed Restructuring, which the Board considers to be in the interest of all of the stakeholders in the Company, including the Creditors.

PROPOSED RESTRUCTURING

The proposed Restructuring involves, among others, (i) the Capital Reorganisation; (ii) the Share Premium Cancellation; and (iii) the Creditors Scheme.

CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK$125,000,000 divided into 250,000,000 Shares of HK$0.50 par value each, of which 154,422,109 Shares have been issued and fully paid or credited as fully paid.

The Company proposes to implement, subject to the approval by the Independent Shareholders, the Capital Reorganisation involving:

(i) the Share Consolidation: every ten (10) issued Shares of par value of HK$0.50 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK$5.00 each in the share capital of the Company and where applicable, the total number of the Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation (for the avoidance of doubt, the Share Consolidation does not affect the unissued Shares);

(ii) the Capital Reduction: (a) any fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each of the then issued Consolidated Shares will be reduced from HK$5.00 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$4.99 on each of the then issued Consolidated Shares, so that following such reduction, each issued Consolidated Share shall become one New Share with par value of HK$0.01 each;

(iii) the Share Sub-division: immediately following the Capital Reduction becoming effective, each of the authorised but unissued Shares will be sub-divided into fifty (50) New Shares of par value of HK$0.01 each; and

(iv) Increase in Authorised Share Capital: upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the Company's authorised share capital will be increased from HK$125,000,000 divided into 12,500,000,000 New Shares of HK$0.01 each to HK$500,000,000 divided into 50,000,000,000 New Shares of HK$0.01 each.

Based on 154,422,109 Shares in issue as at the date of this announcement, a credit of approximately HK$77 million will arise as a result of the Capital Reorganisation. Such credit arising in the accounts of the Company from the Capital Reorganisation will be transferred to the Contributed Surplus Account, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws including, without limitation, setting off against the accumulated losses of the Company. Shareholders and potential investors of the Company should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Shares in issue immediately prior to the Capital Reorganisation becoming effective. It is expected that the amount standing to the credit of the Contributed Surplus Account will be used to set off against the accumulated losses of the Company.

Conditions precedent to the Capital Reorganisation

The effectiveness of the Capital Reorganisation shall be conditional upon:

(1) the passing of the necessary special resolution(s) by the Independent Shareholders by way of poll at the SGM to approve the Capital Reorganisation involving the Share Consolidation, the Capital Reduction, the Share Sub-division and the Increase in Authorised Share Capital;

(2) the Stock Exchange having granted approval for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;

(3) compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes obtaining the Directors' confirmation confirming that on the date on which the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they fall due;

(4) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and

(5) the obtaining of all necessary approvals and/or consents from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

As at the date of this announcement, none of the conditions above has been fulfilled. None of the above conditions is capable of being waived.

Subject to the fulfilment of the above conditions, the Capital Reorganisation will become effective on the second Business Day immediately after the date of the SGM.

Effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and after completion of the Capital Reorganisation:

	Immediately before the Capital Reorganisation becoming effective	**Immediately after the Capital Reorganisation becoming effective**
Nominal value	HK$0.50 per Share	HK$0.01 per New Share
Number of authorised shares	250,000,000 Shares	50,000,000,000 New Shares
Authorised share capital	HK$125,000,000	HK$500,000,000
Number of issued and paid-up shares	154,422,109 Shares	15,442,210 New Shares
Paid-up capital	HK$77,211,054.50	HK$154,422.10

Status of the New Shares after the Capital Reorganisation

The New Shares after the Capital Reorganisation will be identical and rank *pari passu* in all respects with each other.

Listing and dealings

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares. Subject to the granting of the listing of, and the permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

An update timetable in respect of the trading arrangement of the New Shares and the issue of the new share certificate(s) will be included in the circular or further announcement(s) for the Shareholders' information as and when appropriate.

SHARE PREMIUM CANCELLATION

The Board intends to put forward for approval by the independent shareholders at the forthcoming SGM a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the date on which the Share Premium Cancellation is to take effect to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the applicable laws and the Bye-Laws including, without limitation, setting off against the accumulated losses of the Company. It is expected that the amount standing to the credit of the Contributed Surplus Account will be used to set off against the accumulated losses of the Company.

Conditions precedent to the Share Premium Cancellation

The effectiveness of the Share Premium Cancellation shall be conditional upon:

(1) the passing of the necessary special resolution(s) by the independent shareholders by way of poll at the SGM to approve the Share Premium Cancellation; and

(2) the Directors being satisfied that on the date on which the Share Premium Cancellation is to take effect, there are no reasonable grounds for believing that the Company is, or after the date on which the Share Premium Cancellation is to take effect will be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the conditions above, the Share Premium Cancellation will be completed and become effective on the date of the SGM.

Effects of the Share Premium Cancellation

The implementation of the Share Premium Cancellation does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Share Premium Cancellation, the Board considers that the implementation of the Share Premium Cancellation will not have a material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the audited financial statements of the Company as at 30 June 2025, the amounts standing to the credit of the Share Premium Account as at 30 June 2025 were approximately HK$1,625 million. The balance of the Share Premium Account has not changed since 30 June 2025 and up to the date of this announcement.

CHANGE IN BOARD LOT SIZE

Subject to the Capital Reorganisation becoming effective, the Board also proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 2,000 New Shares.

Based on the closing price of HK$0.187 per Share (equivalent to the theoretical price of HK$1.87 per New Share) as quoted on the Stock Exchange as at the date of this announcement: (i) the value of each board lot of 10,000 Shares is HK$1,870; and (ii) the value of each new board lot of 2,000 New Shares would be HK$3,740 assuming the Capital Reorganisation had already been effective.

The change in board lot size will not result in any change in the relative rights of the Shareholders.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, the total number of Shares available for issue under the Share Option Scheme is 15,442,210 Shares and there have been no share options granted entitling the holders thereof to subscribe for any Share under the Share Option Scheme since its adoption. The Directors will determine, according to the rules of the Share Option Scheme, the adjustments (if any) required to be made in respect of the outstanding Share Options as a result of the Capital Reorganisation.

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into any Shares.

OTHER ARRANGEMENTS

Exchange of share certificates for the New Shares

Subject to the Capital Reorganisation becoming effective, Shareholders may submit their existing share certificates for the Shares in exchange for new share certificates for the New Shares at the expenses of the Company. Detailed arrangement and timetable in relation to the exchange of share certificates for the New Shares will be included in the circular or further announcement(s) for the Shareholders' information as and when appropriate.

All existing certificates of the Shares will continue to be evidence of title to such Shares but all existing certificates of Shares will cease to be valid for delivery, trading and settlement purpose.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation and the change in board lot size, the Company will appoint an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, among other things, details of the Capital Reorganisation.

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

Fractional entitlement to the New Shares

Any fractional New Shares arising from the Capital Reorganisation, if any, will be disregarded and will not be issued to the Shareholders otherwise entitled thereto but all such fractional New Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional New Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers and may wish to consider the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of New Shares.

REASONS FOR AND BENEFITS OF THE CAPITAL REORGANISATION, THE SHARE PREMIUM CANCELLATION AND CHANGE IN BOARD LOT SIZE

The proposed Capital Reorganisation will enable the par value of the Shares to be reduced from HK$0.50 each to HK$0.01 each. The credit arising from the Capital Reorganisation will be transferred to the Contributed Surplus Account, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-Laws including, without limitation, setting off against the accumulated losses of the Company.

Further, pursuant to the Share Premium Cancellation, the entire amount standing to the credit of the Share Premium Account will be cancelled with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the applicable laws and the Bye-Laws including, without limitation, setting off against the accumulated losses of the Company.

The Board is of the opinion that the proposed Capital Reorganisation and the Share Premium Cancellation will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future. In addition, the Board considers that the Capital Reorganisation will give greater flexibility to the Company to issue New Shares in the future given that the Company is not permitted, without order of the Supreme Court of Bermuda, to issue New Shares below their nominal or par value.

As such, the Directors are of the view that the Capital Reorganisation and the Share Premium Cancellation are in the best interests of the Company and its Shareholders as a whole.

Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in September 2024 (the "**Guide**"), the expected value per board lot should be greater than HK$2,000 taking into account the minimum transaction costs for a securities trade.

Pursuant to the consultation paper titled "Board Lot Framework Enhancement in Hong Kong Securities Market" issued by the Stock Exchange in December 2025 (the "**Consultation Paper**"), it is proposed that the Stock Exchange will implement standardisation of board lot units, where listed issuers would have to select their board lot unit from a defined set of eight standardised board lot units: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s). In addition, the Consultation Paper also proposes lowering the board lot value floor guidance level from HK$2,000 to HK$1,000.

The Shares are currently traded on the Stock Exchange in the board lot size of 10,000 Shares. It is proposed that the board lot size will be amended to 2,000 New Shares when the Capital Reorganisation becomes effective. Based on the closing price of HK$0.187 per Share (equivalent to the theoretical closing price of HK$1.87 per New Share) as quoted on the Stock Exchange as at the date of this announcement, the value of each new board lot of 2,000 New Shares would be HK$3,740 as compared to HK$1,870 of the original board lot of 10,000 Shares.

The Company will continue to comply with the current trading requirements as set out in the Guide and the new trading requirements proposed under the Consultation Paper. The Company also considers that the Capital Reorganisation and the change in board lot size will maintain the trading amount for each board lot at a reasonable level and attract more investors and broaden the shareholder base of the Company. As such, the Board considers that the Capital Reorganisation and the change in board lot size is beneficial to and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Creditors Scheme and the transactions contemplated thereunder, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions or to declare any dividend in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

CREDITORS SCHEME

The Creditors Scheme shall be implemented, pursuant to which the Creditors with Admitted Scheme Claim(s) would be entitled to receive the Scheme Shares in total of 326,666,666 New Shares or cash to be realised from the Disposal of the Scheme Shares (subject to the maximum Cap of 65,000,000 Scheme Shares) held by the Scheme Company on a *pari passu* basis for the respective Admitted Scheme Claim(s).

The allotment and issue of the Scheme Shares to the Creditors with Admitted Scheme Claim(s) would be made with reference to the following formula:

$$\text{326,666,666 Scheme Shares} \times \frac{\text{Admitted Scheme Claim(s) of the individual Creditor}}{\text{Admitted Scheme Claim(s) of all Creditors}}$$

The 326,666,666 New Shares to be issued and allotted as the Scheme Shares represent (i) approximately 2,115.41% of the total number of New Shares in issue as at the date immediately upon the Capital Reorganisation becoming effective but prior to the allotment and issue of the Scheme Shares; and (ii) approximately 95.49% of the enlarged issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Scheme Shares immediately after the effective date of the Capital Reorganisation).

Each Creditor shall have the option to choose either (i) the Equity Option to receive the entitled Scheme Shares or (ii) the Cash Option to receive cash to be realised from the Disposal of the Scheme Shares (subject to the maximum Cap of 65,000,000 Scheme Shares) held by the Scheme Company for their benefits as detailed below.

If the entitlement to the Scheme Shares elected for the Cash Option exceeds the Cap, allocations will be reduced pro-rata among participating Creditors by reference to their respective entitlement to the Scheme Shares. Any remaining entitlement to the Scheme Shares of the participating Creditors after applying the pro-rata reduction (i.e. the entitlement to the Scheme Shares elected for the Cash Option exceeding the Cap) will be deemed to be elected for the Equity Option and the relevant number of the Scheme Shares will be allotted and issued to the participating Creditors under the Equity Option.

For the avoidance of doubt, the Creditors electing to receive the Scheme Shares pursuant to the Equity Option are not entitled to the Price Protection as only the Scheme Company (for the benefit of these Creditors who elect to receive cash pursuant to the Cash Option) is entitled to the Price Protection.

For the Creditors who elect for the Cash Option, the Scheme Company (for the benefit of the Creditors other than the Creditors who elect for the Equity Option) shall have the right (exercisable by the Scheme Administrators in their absolute discretion) to dispose of the Scheme Shares on behalf of the relevant Creditors, either in the open market or off market at a price to be determined by the Scheme Company and, given the Price Protection will be

in place, realise such Scheme Shares at a price not less than HK$0.15 per Scheme Share. Pursuant to the Price Protection, the Company guarantees to pay any shortfall of the Disposal Price for the Disposal up to a minimum guaranteed price of HK$0.15 per Scheme Share, such that the Scheme Company would receive a minimum of HK$0.15 per Scheme Share on behalf of the relevant Creditors with regard to the Disposal. The expenses to be incurred under the Price Protection will be funded by the Trinity Eagle Undertaking.

The relevant proceeds of the sale of the Scheme Shares, after deducting the costs of realisation and payment of any applicable taxes or duties, will be paid by the Scheme Administrators to that Creditor in full satisfaction of his rights to those Scheme Shares as and when such disposal has been completed.

The Scheme Company shall procure that the purchaser(s) under the Disposal in the off market (or as the case may be, their ultimate beneficial owner(s)) will not be a Shareholder or parties acting in concert with the Trintiy Eagle and Mr. Chan and will be an Independent Third Party.

Subject to the approval of the Creditors, the Independent Shareholders, the Hong Kong Court and relevant regulators, and upon completion of the Creditors Scheme, all the claims of the Creditors against the Company and liabilities of the Company, and all the claims of the Creditors against the subsidiaries of the Company with such liabilities guaranteed by the Company will be compromised, discharged and released in full. For the avoidance of doubt, any liabilities of the Group which is not subject to the Creditors Scheme (i.e. preferential claims (which was estimated to be approximately HK$48,000 as at 30 June 2025), restructuring costs (which was estimated to be approximately HK$7.4 million as at 30 June 2025), operational debt (which was estimated to be approximately HK$0.7 million as at 30 June 2025), secured claims (the Company was not aware of any secured claims as at 30 June 2025), petition costs (which is impossible to estimate given that the Winding-up petition filed by the Petitioner is still on-going) and amount due to Mr. Chan under the Working Capital Facility and to Trinity Eagle under the Trinity Eagle Undertaking) will not be compromised, discharged or released upon completion of the Creditors Scheme.

Set out below are the information of the creditors of the Company and the amount of the debts owed by the Company based on the books and records of the Company as at the date of this announcement (with interests calculated up to 30 June 2025) which is subject to their respective proofs of debts filed, and the adjudication and the final determination of the same by the Scheme Administrators:

Name of Creditors	**Background**	**Nature of claim**	**Amount owed by the Company** *HK$'000*
Baker & Mckenzie	Independent Third Party	Professional service fee	4,253

Name of Creditors	Background	Nature of claim	Amount owed by the Company *HK$'000*
Chen Aizheng *(Note 1)*	Former employee of the Group	Borrowing of subsidiaries guaranteed by the Company	176
		Outstanding salaries of subsidiaries guaranteed by the Company	1,117
Deutsche Bank AG, Hong Kong Branch	Independent Third Party	Professional service fee	31
Di Ling	Executive Director	Directors' Remuneration	1,552
Duan Xinxiao	Independent non-executive Director	Directors' Remuneration	459
Hung San Yeung	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	772
Industrial Bank Co., Ltd. Hong Kong Branch	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	85,090
Li Chiu Ho	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	639
Meng Zhijun	Independent non-executive Director	Outstanding salaries of subsidiaries guaranteed by the Company	545
Million Sensible *(Note 1)*	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	93,895
Mr. Norman Chan	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	11,044
		Directors' Remuneration assigned from the Directors/ former Directors	4,046
Qiu Peiyuan	Former executive Director	Directors' Remuneration	489

Name of Creditors	Background	Nature of claim	Amount owed by the Company *HK$'000*
Sit Hoi Tung	Former employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	1,379
Swift Insight Limited	Independent Third Party	Borrowing	2,410
Tan Yung Kai Richard	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	2,450
Trinity Eagle Investments Limited	Independent Third Party	New Bonds	189,151
		Borrowing of subsidiaries guaranteed by the Company	59,527
		Outstanding salaries assigned from the former employees	20,027
Other holder(s) of the New Bonds *(Note 2)*	N/A	New Bonds	6,260
Tse Siu Ling	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	1,123
Wang Anyuan	Former independent non-executive Director	Directors' Remuneration	51
Win Bailey Valuation and Advisory Limited	Independent Third Party	Professional service fee	23
Wong Yin Ming	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	827
		Total	487,336

Notes: 1. Million Sensible is wholly and beneficially owned by Mr. Chen Aizheng.

2. Before the implementation of the Exchange Proposal, the New Option 1 Bonds was represented by a global certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. A professional trustee acted as the trustee of all the beneficial holders of the New Option 1 Bonds. In the circumstances, unless the beneficial holders of the New Option 1 Bonds approached the Company, the nominee and/or the trustee, neither the Company, the nominee nor the trustee would have information of the beneficial holders of the New Option 1 Bonds. Save that the Company was informed that Mr. Chan is the ultimate beneficial holder of part of the principal amount of the New Option 1 Bonds of approximately HK$148.9 million (out of the total principal amount of approximately HK$154.2 million), the Company has no information on the other beneficial owner(s) of the New Option 1 Bonds as at the date of this announcement.

Ranking of the Scheme Shares

The Scheme Shares shall, when fully paid, rank *pari passu* in all respects with the New Shares in issue on the date of allotment of the Scheme Shares.

Issue price

The issue price of HK$1.50 per Scheme Share, which was arrived at assuming there will be in aggregate HK$490 million Admitted Scheme Claims filed by all Creditors, represents:

(i) a discount of approximately 19.79% to the theoretical closing price of HK$1.87 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 18.03% to the average theoretical closing price of HK$1.83 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK$0.183 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iii) a discount of approximately 18.03% to the average theoretical closing price of HK$1.83 per New Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of HK$0.183 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

(iv) a premium of approximately HK$48.33 over the theoretical audited consolidated net liabilities attributable to the owners of the Company as at 30 June 2025 (as disclosed in the annual report of the Company for the year ended 30 June 2025) of approximately HK$46.83 per New Share, based on 15,442,210 New Shares in issue upon the Capital Reorganisation becoming effective but prior to the allotment and issue of the Scheme Shares;

(v) a premium of approximately HK$50.20 over the theoretical unaudited consolidated net liabilities attributable to the owners of the Company as at 31 December 2025 (as disclosed in the interim results announcement of the Company for the six months ended 31 December 2025) of approximately HK$48.70 per New Share, based on 15,442,210 New Shares in issue upon the Capital Reorganisation becoming effective but prior to the allotment and issue of the Scheme Shares; and

(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 18.89%, which is calculated based on the theoretical diluted price of approximately HK$1.52 per New Share (as defined under Rule 7.27B of the Listing Rules) taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK$0.187 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day of approximately HK$0.182 per Share).

The issue price is determined after arm's length negotiation between the Company and the Creditors with reference to (i) the financial position of the Company and the net liabilities position of the Company; (ii) the prospects of the business operations of the Group; and (iii) the prevailing market conditions.

Conditions precedent of the Creditors Scheme

The Creditors Scheme will be implemented in Hong Kong only. The Creditors Scheme will become binding and effective on the Company and the Creditors under Hong Kong law if the following conditions precedent, among others, are satisfied:

(1) over fifty per cent (50%) in number of the Creditors, representing at least seventy-five per cent (75%) in value of the Creditors, present and voting in person (or through electronic means if applicable) or by proxy at the Scheme Meeting, voting in favour of the Creditors Scheme;

(2) the Hong Kong Court sanctions the Creditors Scheme and an official copy of the order of the Hong Kong Court sanctioning the Creditors Scheme is delivered to the Registrar of Companies in Hong Kong for registration;

(3) the Executive having granted the Whitewash Waiver, the satisfaction of all conditions (if any) attached to the Whitewash Waiver, and such Whitewash Waiver not having been subsequently revoked or withdrawn;

(4) the Company having obtained the necessary consent of the Executive for the Special Deal;

(5) the passing of the necessary resolutions by the Independent Shareholders at the SGM for the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver and the Special Deal;

(6) the Capital Reorganisation having become effective; and

(7) the Company having obtained either conditional approval or approval in-principle from the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares on the Stock Exchange.

As at the date of this announcement, save for the conditions set out in sub-paragraphs (1) and (2) above, none of the conditions above has been fulfilled. All the conditions precedent to the Creditors Scheme are not capable of being waived.

For the avoidance of doubt, the Creditors Scheme is not subject to the independent shareholders' approval in respect of the Share Premium Cancellation.

The Creditors Scheme shall, if sanctioned by the Hong Kong Court, bind the Company and each of the Creditors and shall be administered by the Scheme Administrators. For the purpose of effecting the Creditors Scheme, the Company has applied to the Hong Kong Court for leave to convene the Scheme Meeting and the court hearing is fixed to be heard on 24 July 2025. On 24 July 2025, the Company obtained an order from the Hong Kong Court that, among others, the Company be at liberty to convene a meeting of the Creditors for the Creditors Scheme. At the adjourned Scheme Meeting held on 25 September 2025, the Creditors Scheme was approved by the requisite statutory majorities of creditors with voting claims. At the hearing at the Hong Kong Court on 15 October 2025, the Hong Kong Court has granted an order to approve and sanction the Creditors Scheme. The estimated amount of the Scheme Claims admitted for voting purpose for the Scheme Meeting was approximately HK$489.6 million. Given that interest accruing up to the effective date of the Creditors Scheme will be provable or admissible as part of the Scheme Claims, the Company expects that the total amount of the Admitted Scheme Claims will be no less than HK$490 million.

As at the date of this announcement, save for Mr. Qiu Peiyuan, a former Director interested in 1,955,500 Shares (representing approximately 1.27% of the issued Shares at the date of this announcement) and Mr. Di Ling, Mr. Duan Xinxiao, Dr. Meng Zhijun and Mr. Wang Anyuan, three of the existing Directors and one of the former Directors in the past 12 months who are not interested in any Shares, (i) none of the creditors of the Company are Shareholders, nor have any creditors of the Company indicated their intention to become Shareholders (save as pursuant to the Creditors Scheme); and (ii) the creditors of the Company are Independent Third Parties.

Subject to the approval of the Creditors, the Independent Shareholders, the Hong Kong Court and relevant regulators, and upon completion of the Creditors Scheme, all the claims of the Creditors against the Company and liabilities of the Company, and all the claims of the creditors against the subsidiaries of the Company and liabilities of the subsidiaries of the Company of the Company which are guaranteed by the Company will be compromised, discharged and released in full. For the avoidance of doubt, any liabilities of the Group which is not subject to the Creditors Scheme (i.e. preferential claims (which was estimated to be approximately HK$48,000 as at 30 June 2025), restructuring costs (which was estimated to be approximately HK$7.4 million as at 30 June 2025), operational debt (which was estimated to be approximately HK$0.7 million as at 30 June 2025), secured claims (the Company was not aware of any secured claims as at 30 June 2025), petition costs (which is impossible to estimate given that the Winding-up Petition filed by the Petitioner is still on-going) and amount due to Mr. Chan under the Working Capital Facility and to Trinity Eagle under the Trinity Eagle Undertaking) will not be compromised, discharged or released upon completion of the Creditors Scheme. The Creditors Scheme will become legally binding on the Company and the Creditors upon fulfilment of the conditions to be set out in the Scheme Document and upon the filing of the orders of the Hong Kong Court with the Registrar of Companies in Hong Kong. As at the date of this announcement, the Creditors Scheme has not come into effect. The Company will provide an update on the Creditors Scheme as and when appropriate.

Undertaking for fulfilling the minimum public float requirement

Million Sensible and Mr. Chen Aizheng, being two of the creditors of the Company in relation to the debt in the amount of approximately HK$95 million, have irrevocably and unconditionally undertaken and agreed with the Company that after adjudication and having received the notice from the Scheme Administrators in relation to its/his entitlement of the Scheme Shares, if there is insufficient public float exists in the Shares, they shall be deemed to have opted for the Cash Option for such number of the Scheme Shares such that their aggregate shareholding will fall below 10% of the enlarged issued share capital of the Company. For the avoidance of doubt, Million Sensible and Mr. Chen Aizheng will also be subject to the same pro-rata reduction in the same way as other Creditors if the entitlement to the Scheme Shares elected for the Cash Option exceeds the Cap.

REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

The Company is an investment holding company and the Group is principally engaged in (i) provision of technology and operation services for lottery systems, terminal equipment and gaming products in the China's lottery market, which covers various lottery products ranging from video lottery, computer-generated ticket games and KENO-type lottery to new media lottery; and (ii) research and development, processing, production and sales of natural and health food.

The Company is in liquidity shortage and financial distress situation, which does not have sufficient financial resources to cover all its indebtedness. The Scheme Shares will be allotted and issued pursuant to the terms of the Creditors Scheme and are solely to satisfy the liabilities owed by the Company to the Creditors, which will be crucial in overturning the adverse financial position of the Company. As such, notwithstanding that the issue of the Scheme Shares will inevitably cause dilution to the value of the Shares of the existing Shareholders, it is considered that under such exceptional circumstances, there is a genuine and imminent need of the Company to implement the Creditors Scheme and to issue the Scheme Shares in order to avoid any defaults in liabilities and liquidation of the Company. Under such circumstances, there could be no substantial assets left for realisation for repayment to the Creditors, and not to mention to secure any residual value for distribution to the Shareholders. As such, the proposed Restructuring would be beneficial to and in the interest of the Company, the Shareholders and the Creditors as a whole.

Taking into account of the above, the Board (excluding the member of the Independent Board Committee) is of the view that the terms of the Creditors Scheme are reasonable and the implementation of the Creditors Scheme is beneficial to the Company, the Creditors and the Shareholders.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only and subject to their respective proofs of debts filed, and the adjudication and the final determination of the same by the Scheme Administrators, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation having become effective; (iii) immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed but before completion of the Disposal (assuming the outstanding debt to be converted at HK$1.50 per Scheme Share); (iv) immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Creditors Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) only Million Sensible and Mr. Chen Aizheng would elect for the Cash Option to the extent that their shareholding will fall below 10%); and (v) immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the

final determination by the Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) all Creditors other than Trinity Eagle, Million Sensible and Mr. Chen Aizheng would elect for the Cash Option subject to the Cap):

Shareholders	**As at the date of this announcement**		**Immediately after the Capital Reorganisation having become effective**		**Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed but before completion of the Disposal**		**Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) only Million Sensible and Mr. Chen Aizheng would partially elect for the Cash Option to the extent that their shareholding will fall below 10%)**		**Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) all Creditors other than Trinity Eagle, Million Sensible and Mr. Chen Aizheng would elect for the Cash Option subject to the Cap)**	
	Number of Shares	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*
Trinity Eagle *(Note 1)*	–	–	–	–	179,136,362	52.36%	179,136,362	52.36%	179,136,362	52.36%
Petitioner *(Note 2)*	–	–	–	–	56,726,454	16.58%	56,726,454	16.58%	12,868,471	3.76%
Directors										
Zhu Xinxin	292,500	0.19%	29,250	0.19%	29,250	0.01%	29,250	0.01%	29,250	0.01%
Di Ling	–	–	–	–	1,034,666	0.30%	1,034,666	0.30%	234,716	0.07%
Duan Xinxiao	–	–	–	–	305,849	0.09%	305,849	0.09%	69,383	0.02%
Meng Zhijun	–	–	–	–	363,133	0.11%	363,133	0.11%	82,378	0.02%
Former Director in the past 12 months										
Wang Anyuan	–	–	–	–	33,978	0.01%	33,978	0.01%	7,708	0.01%
Lau Ting *(Note 3)*	52,282,782	33.86%	5,228,278	33.86%	5,228,278	1.53%	5,228,278	1.53%	5,228,278	1.53%
Cao Junsheng *(Note 4)*	12,525,000	8.11%	1,252,500	8.11%	1,252,500	0.37%	1,252,500	0.37%	1,252,500	0.37%
China Carbon Neutral Development Group Limited *(Note 5)*	10,000,000	6.48%	1,000,000	6.48%	1,000,000	0.29%	1,000,000	0.29%	1,000,000	0.29%
Million Sensible and Mr. Chen Aizheng *(Note 6)*	–	–	–	–	63,458,506	18.55%	34,176,677	9.99%	63,458,506	18.55%
Qiu Peiyuan	1,955,500	1.27%	195,550	1.27%	521,550	0.15%	521,550	0.15%	269,504	0.08%

Shareholders	As at the date of this announcement		Immediately after the Capital Reorganisation having become effective		Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed but before completion of the Disposal		Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) only Million Sensible and Mr. Chen Aizheng would partially elect for the Cash Option to the extent that their shareholding will fall below 10%)		Immediately after the Capital Reorganisation, the Creditors Scheme having become effective and the adjudication and the final determination by the Scheme Administrators having been completed and completion of the Disposal (assuming (a) the outstanding debt to be converted at HK$1.50 per Scheme Share; and (b) all Creditors other than Trinity Eagle, Million Sensible and Mr. Chen Aizheng would elect for the Cash Option subject to the Cap)	
	Number of Shares	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*	*Number of New Shares*	*Approx. %*
Other Creditors *(Note 7)*										
Other holders of the New Bonds *(Note 8)*	–	–	–	–	4,173,145	1.22%	4,173,145	1.22%	946,684	0.28%
Chan Norman Enrique	–	–	–	–	10,059,590	2.94%	10,059,590	2.94%	2,282,032	0.67%
Swift Insight Limited	–	–	–	–	1,606,716	0.47%	1,606,716	0.47%	364,486	0.11%
Hung San Yeung	–	–	–	–	514,442	0.15%	514,442	0.15%	116,702	0.03%
Sit Hoi Tung	–	–	–	–	919,000	0.27%	919,000	0.27%	208,477	0.06%
Tan Yung Kai Richard	–	–	–	–	1,633,156	0.48%	1,633,156	0.48%	370,484	0.11%
Tse Siu Ling	–	–	–	–	748,333	0.22%	748,333	0.22%	169,761	0.05%
Wong Yin Ming	–	–	–	–	551,150	0.16%	551,150	0.16%	125,030	0.04%
Li Chiu Ho	–	–	–	–	425,727	0.12%	425,727	0.12%	96,577	0.03%
Baker & Mckenzie	–	–	–	–	2,835,184	0.83%	2,835,184	0.83%	643,166	0.19%
Deutsche Bank AG, Hong Kong Branch	–	–	–	–	20,800	0.01%	20,800	0.01%	4,719	0.01%
Win Bailey Valuation and Advisory Limited	–	–	–	–	15,333	0.01%	15,333	0.01%	3,479	0.01%
Others *(Note 9)*	–	–	–	–	1,779,142	0.51%	1,779,142	0.51%	403,591	0.12%
Purchasers under the Disposal *(Note 10)*	–	–	–	–	–	–	29,281,829	8.56%	65,000,000	19.00%
Other Public Shareholders	77,366,327	50.10%	7,736,632	50.10%	7,736,632	2.26%	7,736,632	2.26%	7,736,632	2.26%
Total	**154,422,109**	**100%**	**15,442,210**	**100%**	**342,108,876**	**100%**	**342,108,876**	**100%**	**342,108,876**	**100%**

Notes:

1. Trinity Eagle is wholly and beneficially owned by Mr. Chan.

2. The Petitioner is the Hong Kong Branch of Industrial Bank Co., Ltd.

3. 48,656,379 Shares were beneficially owned by Ms. Lau Ting. For the corporate interest, 375,264 Shares were held by Hang Sing Overseas Limited which was wholly owned by Ms. Lau Ting. 688,677 shares were held by Strong Purpose Corporation, a company which was owned as to 50% by Ms. Lau Ting and as to 50% by Mr. Chan Shing. 2,562,462 Shares were held by Glory Add Limited which was wholly owned by Favor King Limited, a company which was owned as to 50% by Ms. Lau Ting and as to 50% Mr. Chan Shing. Ms. Lau Ting and Mr. Chan Shing are deemed to be parties acting in concert in relation to the Company. As such, Ms. Lau Ting is deemed to be interested in all the Shares held by Strong Purpose Corporation and Glory Add Limited by virtue of the SFO.

4. Such Shares were held by Mao Yuan Capital Limited which was wholly owned by Mr. Cao Junsheng.

5. China Carbon Neutral Development Group Limited is listed on the Main Board of the Stock Exchange (stock code: 1372 and is ultimately beneficially owned as to approximately 23.94% by Mr. Sha Tao, the spouse of Ms. Chan Tan Na Donna (i.e. a former executive Director)).

6. Million Sensible is wholly and beneficially owned by Mr. Chen Aizheng. Both Million Sensible and Mr. Chen Aizheng are the creditors of the Company. Million Sensible and Mr. Chen Aizheng have irrevocably and unconditionally undertaken and agreed with the Company that if there is insufficient public float exists in the Shares, Million Sensible and Mr. Chen Aizheng shall be deemed to have opted for the Cash Option for such number of the Scheme Shares such that their aggregate shareholding will fall below 10% of the enlarged issued share capital of the Company.

7. Each of the other creditors is an Independent Third Party and will not become a substantial shareholder of the Company upon the effective date of the Creditors Scheme.

8. Before the implementation of the Exchange Proposal, the New Option 1 Bonds was represented by a global certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. A professional trustee acted as the trustee of all the beneficial holders of the New Option 1 Bonds. In the circumstances, unless the beneficial holders of the New Option 1 Bonds approached the Company, the nominee and/or the trustee, neither the Company, the nominee nor the trustee would have information of the beneficial holders of the New Option 1 Bonds. Save that the Company was informed that Mr. Chan is the ultimate beneficial holder of part of the principal amount of the New Option 1 Bonds of approximately HK$148.9 million (out of the total principal amount of approximately HK$154.2 million), the Company has no information on the other beneficial owner(s) of the New Option 1 Bonds as at the date of this announcement.

9. The assumption that the outstanding debt will be converted at HK$1.50 per Scheme Share is made on the hypothesis that there will be in aggregate HK$490 million Admitted Scheme Claims filed by all Creditors. As the latest estimated total amount of debt of the Company (with interest calculated up to 30 June 2025) is slightly less than HK$490 million, the number of the Scheme Shares allocated to others as set out in the above table represents the Scheme Shares to be allotted and issued in respect of such shortfall. In any event, the actual number of the Scheme Shares to be allotted and issued to the Creditors will be subject to the proof of debts filed and the adjudication and final determination of the same by the Scheme Administrators.

10. If any Creditor opts for the Cash Option, the Scheme Company will dispose of the Scheme Shares either in the open market at the market price or off market. The Scheme Company shall procure that the purchaser(s) under the Disposal in the off market (or as the case may be, their ultimate beneficial owner(s)) will not be a Shareholder or parties acting in concert with the Trintiy Eagle and Mr. Chan and otherwise will be an Independent Third Party.

11. Given that Trinity Eagle will be the applicant for the Whitewash Waiver financing the Cash Option, it is unlikely that Trinity Eagle will opt for the Cash Option.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares on the Stock Exchange.

Subject to the granting of listing of, and permission to deal in, the Scheme Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Creditors Scheme becoming effective, the Scheme Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Scheme Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Scheme Shares to be admitted into CCASS established and operated by HKSCC.

SPECIFIC MANDATE

The Scheme Shares will be issued pursuant to the Specific Mandate to be obtained upon approval by the Independent Shareholders at the SGM.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity funding raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES AND TAKEOVERS CODE

Listing Rules implications

Connected Transaction – Issue of Scheme Shares to Directors and former Director

Based on the records available to the Company, the Company has certain Directors' remuneration owing to three existing Directors, namely Mr. Di Ling, Mr. Duan Xinxiao and Dr. Meng Zhijun and one former Director in the past 12 months, namely Mr. Wang Anyuan. Subject to adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Mr. Di Ling, Mr. Duan Xinxiao, Dr. Meng Zhijun and Mr. Wang Anyuan will be Director Creditors.

As at the date of this announcement, based on the books and records of the Company, (i) the approximate amount owed by the Company to the Director Creditors are set out herein below; and (ii) for illustrative purpose and subject to their respective proofs of debts filed, and the adjudication and the final determination of the same by the Scheme Administrators, based on the total estimated indebtedness owed by the Company, under the Creditors Scheme (assuming the Capital Reorganisation having become effective), each of these Director Creditors will receive:

Director Creditors	**Amount owed by the Company**	**Settlement of indebtedness under the Creditors Scheme (assuming the Capital Reorganisation having become effective)**	
	(Approximate) (HK$)	*Number of Scheme Shares (assuming the outstanding debt to be converted at HK$1.50 per Scheme Share)*	*% (as enlarged by the allotment and issue of the Scheme Shares, assuming no other change in the issued share capital of the Company) (Approximate)*
Mr. Di Ling	1,552,000	1,034,666	0.30%
Mr. Duan Xinxiao	458,774	305,849	0.09%
Dr. Meng Zhijun	544,700	363,133	0.11%
Mr. Wang Anyuan	50,968	33,978	0.01%

Accordingly, the issue and allotment of Scheme Shares to the Director Creditors under the Creditors Scheme constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the approval of the Independent Shareholders by way of poll.

Connected Transaction – Issue of Scheme Shares to deemed connected persons

Based on the records of the Company, (a) among the amounts due from the Group to Trinity Eagle of approximately HK$269 million, approximately HK$80 million are receivables acquired from Ms. Lau Ting and Ms. Chan Tan Na Donna pursuant to the Assignments; and (b) among the amounts due from the Group to Mr. Norman Chan of approximately HK$6.2 million, approximately HK$4.1 million are receivables acquired from Ms. Zhu Xinxin.

Subject to adjudication by the Scheme Administrators upon the Creditors Scheme taking effect, Scheme Shares will be allotted and issued to Trinity Eagle and Mr. Norman Chan.

Given that Trinity Eagle proposes to enter into a transaction with the Company (i.e. the Creditors Scheme) and entered into an arrangement (i.e. the Assignments) with Ms. Lau Ting (the controlling shareholder of the Company and thus a connected person of the Company), Trinity Eagle is a deemed connected person of the Company under Rule 14A.20 of the Listing Rules.

In or around early July 2025, Trinity Eagle indicated to the Company and its restructuring adviser that it is interested to acquire the debts owed by the Company to certain creditors with a view to ensure that requisite support could be obtained in the creditors meeting to approve the Creditors Scheme. At the request of Trinity Eagle, the Company and its restructuring adviser informed certain creditors of the same and that they may contact the Company and its restructuring adviser if they are interested in such disposal.

Certain creditors (including but not limited to Ms. Zhu Xinxin) approached the Company and its restructuring adviser and indicated their preliminary interest. Subsequently, through the Company and its restructuring adviser, Trinity Eagle negotiated the terms of the potential assignments with such creditors.

As such certain creditors (including but not limited to Ms. Zhu Xinxin) are shareholders, Directors and/or former Directors of the Company, the assignments of debts from such certain creditors (including but not limited to Ms. Zhu Xinxin) may constitute special deals under Rule 25 of the Takeovers Code and/or may be deemed to be connected transactions by the Stock Exchange under Chapter 14A of the Listing Rules. In the circumstances, Trinity Eagle considered the possible assignments of debts from such certain creditors (including but not limited to Ms. Zhu Xinxin) impracticable and did not proceed further.

While Trinity Eagle decided not to proceed further with the potential assignments, such certain creditors (including but not limited to Ms. Zhu Xinxin) were still interested in exploring the potential assignments of their respective debts and asked the Company and its restructuring adviser to notify them if there are other interested buyers.

In the circumstances, the restructuring adviser made enquiries with a number of investors who may be interested in distressed assets. After receiving favourable response, Mr. Norman Chan was introduced to such certain creditors (including but not limited to Ms. Zhu Xinxin) by the restructuring adviser.

The deeds of assignment were subsequently entered into between Mr. Norman Chan and such certain creditors (including but not limited to Ms. Zhu Xinxin).

Given that Mr. Norman Chan proposes to enter into a transaction with the Company (i.e. the Creditors Scheme) and entered into an arrangement with Ms. Zhu Xinxin (an executive Director and thus a connected person of the Company), Mr. Norman Chan is a deemed connected person of the Company under Rule 14A.20 of the Listing Rules.

Accordingly, the issue and allotment of Scheme Shares to Trinity Eagle and Mr. Norman Chan under the Creditors Scheme constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll.

As such, Ms. Lau Ting and Ms. Zhu Xinxin are involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder and will have to abstain from voting on the relevant resolution(s).

Takeovers Code implications

Application for Whitewash Waiver

As at the date of this announcement, Trinity Eagle, Mr. Chan and parties acting in concert with any of them did not hold, own, control or have direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivative in respect of the securities in the Company, or hold any relevant securities in the Company.

Based on the records of the Company and as at the date of this announcement, other than part of the outstanding principal amount of the New Bonds in the amount of approximately HK$189 million and the interest accrued thereon and the Working Capital Facility in the amount of approximately HK$10.48 million and the interest accrued thereon (which will be an excluded claim from the Creditors Scheme), Trinity Eagle is a creditor of the Company in relation to the interest in certain receivables in the total amount of approximately HK$80 million acquired by Trinity Eagle from Ms. Lau Ting and Ms. Chan Tan Na Donna pursuant to the Assignments, on 25 March 2026 (among which (a) approximately HK$49.3 million is advances provided to the Group by Ms. Lau Ting and approximately HK$10.5 million is the outstanding salary due to Ms. Lau Ting, and Ms. Lau Ting is a former executive Director and is interested in approximately 33.86% of the issued share capital of the Company as at the date of this announcement; and (b) approximately HK$10.3 million is advance provided to the Group by Ms. Chan Tan Na Donna and approximately HK$9.5 million is the outstanding salary due to Ms. Chan Tan Na Donna, and Ms. Chan Tan Na Donna is a former executive Director and does not have any interest in issued share capital of the Company as at the date of this announcement, which is subject to adjudication and the final determination by the Scheme Administrators in accordance with the terms of the Creditors Scheme). Given that Ms. Lau Ting and Ms. Chan Tan Na Donna irrevocably and unconditionally agree to transfer the consideration payable by Trinity Eagle upon the Creditors Scheme becomes effective pursuant to the Assignments to the Group as gift, the Assignments do not have any favourable conditions which are not extended to all Shareholders, and as such, do not constitute special deal under Rule 25 of the Takeovers Code. As such, Trinity Eagle, Mr. Chan and parties acting in concert with any of them will be interested in 179,136,362 New Shares (based on the issue price of HK$1.50 per Scheme Share), representing approximately 52.36% of the enlarged issued share capital of the Company immediately after completion of the Creditors Scheme (assuming (i) the outstanding debt to be converted at HK$1.50 per Scheme Share; (ii)

the Capital Reorganisation has become effective; and (iii) there is no other change in the issued share capital of the Company from the date of this announcement and up to the effective date of the Creditors Scheme (other than as a result of the Capital Reorganisation and the Creditors Scheme)).

As such, Trinity Eagle would be required to make a mandatory general offer to acquire all the issued shares of the Company (not already owned or agreed to be acquired by Trinity Eagle, Mr. Chan and parties acting in concert with any of them), unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

Trinity Eagle will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver, the Capital Reorganisation and the transactions contemplated thereunder and by at least 50% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Creditors Scheme, the Special Deal, and the transactions contemplated thereunder, in which Trinity Eagle, Mr. Chan and parties acting in concert with any of them, Ms. Lau Ting, Ms. Zhu Xinxin and Mr. Qiu Peiyuan who are involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder will have to abstain from voting on the relevant resolution(s). The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the proposed Restructuring will not proceed further.

For the avoidance of doubt, the Creditors Scheme is not subject to the independent shareholders' approval in respect of the Share Premium Cancellation.

Consent for Special Deal

Among the Shareholders, Mr. Qiu Peiyuan is the creditor of the Company based on the books and records of the Company.

As at the date of this announcement, based on the books and records of the Company, Mr. Qiu Peiyuan (a former Director) is interested in 1,955,500 Shares (representing approximately 1.27% of the issued Shares at the date of this announcement) and is a creditor of the Company with debt in the amount of approximately HK$0.5 million (all of which is outstanding director's remuneration). Subject to adjudication and final determination by the Scheme Administrators, among the Shareholders, Mr. Qiu Peiyuan will be a Creditor. Scheme Shares may be allotted and issued to the Creditor Shareholders under the Creditors Scheme if it becomes effective and such allotment and issue of the Scheme Shares are not extended to other Shareholders who are not Creditors. If Mr. Qiu Peiyuan elects for the Cash Option, the Scheme Company shall have the right to dispose of the relevant Scheme Shares for the benefit of Mr. Qiu Peiyuan under the Disposal, and such arrangement is not extended to other Shareholders who are not Creditors. As such, the Creditors Scheme (including the Disposal under the Cash Option) constitutes a special deal under Note 5 of Rule 25 of the Takeovers Code, and requires the consent of the Executive, provided that the Independent Financial Adviser considers that the terms of the transactions contemplated thereunder are fair and reasonable and the transaction is approved by the Independent Shareholders at the SGM.

As such, Mr. Qiu Peiyuan, his associates and parties acting in concert with him will be required to abstain from voting on the relevant resolutions relating to the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder to be proposed at the SGM.

Application will be made to the Executive for its consent to the Special Deal under Rule 25 of the Takeovers Code.

INFORMATION OF THE NEW OPTION 1 BONDS AND THE NEW BONDS

Reference is made to the announcements of the Company dated 9 April 2014, 17 April 2014, 28 April 2014 and 2 May 2014 respectively in relation to the issue of convertible bonds in the aggregate principal amount of HK$650,000,000 on 14 April 2014 and 5 May 2014 respectively. The said convertible bonds were listed on the Stock Exchange.

Reference is also made to the announcements of the Company dated 10 March 2017, 16 March 2017, 24 March 2017, 7 April 2017 and 18 April 2017 respectively in relation to the exchange proposal of the said convertible bonds for (a) option 1: the New Option 1 Bonds with exchange ratio 1:1 and new bonds factor of 57.5% and cash factor of 42.5%; or (b) option 2: Hong Kong dollar denominated 8% convertible bonds due 2019 issued by the Company with exchange ratio 1:1 and new bonds factor of 50% and cash factor of 50%. Completion of the exchange offer took place on 7 April 2017 and the New Option 1 Bonds in the aggregate principal amount of HK$175,950,000 and the new option 2 bonds in the aggregate principal amount of HK$100,000,000 were issued by the Company. Upon issue, the New Option 1 Bonds and the new option 2 bonds are represented by a global certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. On 18 April 2017, the convertible bonds in the principal amount of HK$44,000,000 were redeemed by the Company. The new option 2 bonds were subsequently redeemed in full by the Company.

The terms of the New Option 1 Bonds were subsequently amended on 28 March 2019, 4 November 2019, 28 April 2020, 3 May 2021, 3 November 2021 and 5 May 2022 respectively. Please refer to the announcements of the Company dated 22 March 2019, 28 March 2019, 1 November 2019, 4 November 2019, 23 April 2020, 28 April 2020, 27 April 2021, 3 May 2021, 1 November 2021, 3 November 2021, 4 May 2022 and 5 May 2022 respectively for details.

The New Option 1 Bonds became due on 10 November 2023 and the Company failed to repay the principal amount and the interest accrued thereon.

Reference is made to the announcements of the Company dated 13 June 2025 and 9 July 2025 in relation to 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. Given that the New Option 1 Bonds was governed by English law and the New Bonds is governed by Hong Kong law, the Company considers that the Exchange Proposal would be able to save time and costs of the Company in implementing the proposed Creditors Scheme in Hong Kong. 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.

INFORMATION OF TRINITY EAGLE

Trinity Eagle is a limited liability company incorporated in the British Virgin Islands on 15 April 2025 and beneficially wholly owned by Mr. Chan. Trinity Eagle is principally engaged in investment holding. As at the date of this announcement, the Group is in debt to Trinity Eagle in the sum of approximately HK$269 million, among which (i) approximately HK$189 million is the outstanding principal amount of the New Bonds; and (ii) approximately HK$80 million is the receivables acquired from Ms. Lau Ting and Ms. Chan Tan Na Donna pursuant to the Assignments.

In November 2024, Mr. Chan (being the ultimate beneficial owner of Trinity Eagle) acquired the interest in the New Option 1 Bonds in the outstanding principal amount of HK$148.9 million and the interest accrued thereon from BFAM Asian Opportunities Master Fund, L.P..

Immediately prior to the settlement of the Exchange Proposal on 9 July 2025, Mr. Chan was the ultimate beneficial owner of the New Option 1 Bonds in the outstanding principal amount of approximately HK$148.9 million with interest accrued thereon amounting to approximately HK$40.3 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$189 million was issued to Trinity Eagle (as the nominee of Mr. Chan), which is subject to adjudication and the final determination by the Scheme Administrators in accordance with the terms of the Creditors Scheme.

In addition to the New Bonds, on 18 December 2024, Mr. Chan also provided the Working Capital Facility to China LotSynergy Group Limited (a direct wholly-owned subsidiary of the Company) in the amount of up to HK$15 million for the purpose of financing the general working capital requirements of the Group. The Working Capital Facility shall bear compound interest at 18% per annum with an availability period ending on 30 June 2026 or such later date as the parties may agree in writing. Any amount drawn under the Working Capital Facility shall be repaid on the date falling 12 months from the relevant drawdown date(s) or such other date as the parties may agree in writing.

The obligations of China LotSynergy Group Limited under the Working Capital Facility is secured by a share charge over 100% share capital of Champ Mark Investments Limited (an indirect subsidiary of the Company) and guaranteed by the Company. As at the date of this announcement, part of the Working Capital Facility in the amount of approximately HK$10.48 million has been drawn down. Any amounts owed by the Group to Mr. Chan under the Working Capital Facility will be excluded claims and will not be discharged or settled by the Creditors Scheme.

Further, pursuant to the Trinity Eagle Undertaking, Trinity Eagle agrees to provide a facility in the amount of up to HK$9.75 million to China LotSynergy Group Limited (a direct subsidiary of the Company) for the Company to discharge its obligations under the Price Protection. The loan under the Trinity Eagle Undertaking may be drawn during the Disposal Period (i.e. the 6-month period commencing from the date on which the adjudication and the final determination by the Scheme Administrators having been completed) and shall bear compound interest at 18% per annum and shall be repaid on the date falling 12 months from the relevant drawdown date(s) or such other date as the parties may agree in writing.

The obligations of China LotSynergy Group Limited under the loan to be provided pursuant to the Trinity Eagle Undertaking is unsecured but is guaranteed by the Company. Any amounts owed by the Group to Mr. Chan under the loan to be provided pursuant to the Trinity Eagle Undertaking will be excluded claims and will not be discharged or settled by the Creditors Scheme.

Mr. Chan, aged 48, was graduated from York University in Canada in 1999. He has over 20 years of corporate management and business experience in different fields, including trading, import and export, distribution and retail of reptiles and related products. Mr. Chan is also a professional investor with over 20 years of experience spanning multiple asset classes including but not limited to real estate investment such as industrial and commercial properties in Hong Kong, and land and properties in Indonesia and Canada, equity investment, investment in debt and distressed assets in Hong Kong, and foreign exchange. In order to utilise his experience in managing the lottery business of the Group, Mr. Chan intends to retain the existing management team in the operating subsidiaries of the Group.

Each of Trinity Eagle and Mr. Chan is an Independent Third Party and was not a former Shareholder.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, save for the Creditors Scheme, the Working Capital Facility, the Trinity Eagle Undertaking, the Exchange Proposal and the transactions contemplated thereunder:

(a) none of Trinity Eagle, Mr. Chan or parties acting in concert with any of them has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of this announcement;

(b) none of Trinity Eagle, Mr. Chan or parties acting in concert with any of them owns, holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(c) none of Trinity Eagle, Mr. Chan or parties acting in concert with any of them has received any irrevocable commitment in relation to voting of the resolutions in respect of the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder at the SGM;

(d) there is no outstanding derivative in respect of the securities of the Company which has been entered into by Trinity Eagle, Mr. Chan or parties acting in concert with any of them;

(e) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of Trinity Eagle or the Company and which might be material to the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;

(f) there is no agreement or arrangement to which Trinity Eagle, Mr. Chan or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;

(g) none of Trinity Eagle, Mr. Chan or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and

(h) save for the Special Deal and the Assignments, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder; and (b) either (i) Trinity Eagle, Mr. Chan or parties acting in concert with any of them; or (ii) the Company, its subsidiaries or associated companies.

As at the date of this announcement, the Company believes that the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern arises after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder does not comply with other applicable rules and regulations

FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising Mr. Lau Fai Lawrence, being one of the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders as to whether the terms of the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder are fair and reasonable and in the interest of the Independent Shareholders only and in the interest of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The remaining independent non-executive Directors, namely, Mr. Duan Xinxiao and Dr. Meng Zhijun are not included in the Independent Board Committee as they are creditors of the Company based on the books and records of the Company, and they are directly interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder.

The Company has appointed the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in accordance with the requirements under the Takeovers Code on such matters.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder.

Ms. Lau Ting (who is interested in 52,282,782 Shares (representing approximately 33.86% of the issued share capital of the Company as at the date of this announcement) and assigned certain debts owned by the Group to Trinity Eagle), Ms. Zhu Xinxin (who is interested in 292,500 Shares (representing approximately 0.19% of the issued share capital of the Company as at the date of this announcement) and assigned certain debts owed by the Group to Mr. Norman Chan) and Mr. Qiu Peiyuan (who is interested in 1,955,500 Shares (representing approximately 1.27% of the issued share capital of the Company as at the date of this announcement) and may be Director Creditor), and their respective associates and parties acting in concert with any of them are involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal, and the transactions contemplated thereunder and will have to abstain from voting on the relevant resolution(s). Save as disclosed above, none of the Shareholders or their associates is involved in or interested in the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder and thus, no other Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) relating to the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder.

No Shareholders are required to abstain from voting at the SGM in respect of the resolution relating to the Share Premium Cancellation and the transactions contemplated thereunder.

A circular including, among other things, details of the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and a notice convening the SGM will be despatched to the Shareholders within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

Since the Restructuring is subject to various sanctions and approvals (as applicable) by the Hong Kong Court, the Independent Shareholders, the Stock Exchange, the Creditors, etc., there is no guarantee that the Restructuring will be materialised. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, immediately upon issuance of the Scheme Shares, the shareholding of Trinity Eagle, Mr. Chan and parties acting in concert with any of them in the Company will exceed 50% of the voting rights of the Company. Trinity Eagle, Mr. Chan and parties acting in concert with any of them may increase their shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company.

Unless the context requires otherwise, capitalised terms used in this announcement shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Admitted Scheme Claim(s)"	all Scheme Claims against the Company which have been admitted under the Creditors Scheme by the Scheme Administrators or the adjudicator (as the case may be)
"Assignments"	the assignments of receivables in the amount of approximately HK$80 million due from the Group by Ms. Lau Ting and Ms. Chan Tan Na Donna to Trinity Eagle
"Board"	board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"Bye-Laws"	the bye-laws of the Company
"Cap"	the maximum cap of 65,000,000 Scheme Shares for the Cash Option
"Capital Reduction"	the proposed cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation and the proposed reduction of the issued share capital of the Company whereby the par value of each of the then issued Consolidated Shares will be reduced from HK$5.00 to HK$0.01 by cancelling the paid-up capital to the extent of HK$4.99 on each of the then issued Consolidated Shares
"Capital Reorganisation"	the proposed reorganisation of the share capital of the Company by way of (i) Share Consolidation; (ii) Capital Reduction; (iii) Share Sub-division; and (iv) Increase in Authorised Share Capital
"Cash Option"	the option each Creditor may choose to receive cash to be realised from the Disposal of the Scheme Shares (with the benefit of the Price Protection and subject to the maximum Cap of 65,000,000 Scheme Shares) held by the Scheme Company for their benefits

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of China and the Taiwan region
"Claim"	any debt, liability or obligation of the Company (whether known or unknown, whether actual or contingent, whether present, future or prospective, whether liquidated or unliquidated), whether arising by virtue of contract, at common law, in equity or by statute in Hong Kong, Bermuda or in any other jurisdiction or in any manner whatsoever and which includes without limitation a debt or liability to pay money or money's worth, any liability for breach of trust, any liability in contract (including any guarantee liability of the Company), tort or bailment and any liability arising out of an obligation to make restitution, together with all interest on such debt, obligation or liability
"Companies Act"	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
"Companies (WUMP) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time
"Company"	China Ecotourism Group Limited (stock code: 1371), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Share(s)"	ordinary share(s) of par value of HK$5.00 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective

"Contributed Surplus Account"	the contributed surplus account of the Company within the meaning of the Companies Act
"Creditor(s)"	the creditor(s) of the Company with Admitted Scheme Claims against the Company as at the date on which Creditors Scheme become effective
"Creditor Shareholder(s)"	the Shareholder(s) and person(s) who are interested in the Shares which are also Creditor(s)
"Creditors Scheme"	the scheme of arrangement entered into between the Company and the Creditors under Part 13 of the Companies Ordinance, or subject to, any modification, addition or conditions approved or imposed by the Hong Kong Court
"Director(s)"	director(s) of the Company
"Director Creditor(s)"	Director(s) or former Director(s) in the past 12 months who is(are) also a Creditor(s)
"Disposal"	disposal of the Scheme Shares by the Scheme Company for the purpose of realisation of proceeds and payment to the relevant Creditors in full satisfaction of their rights to such Scheme Shares
"Disposal Period"	the 6-month period commencing from the date on which the adjudication and the final determination by the Scheme Administrators having been completed, during which the Scheme Company (for the benefit of the Creditors) may dispose of any part of the Scheme Shares (subject to the maximum Cap of 65,000,000 Scheme Shares) and, given the Price Protection will be in place, to receive a price no less than HK$0.15 per Scheme Share
"Disposal Price for Disposal"	disposal price(s) per Scheme Share procured by the Scheme Company for the Disposal, on a best effort basis, which is not a fixed price and may vary for each batch of Scheme Shares
"Equity Option"	the option each Creditor may choose to receive the Scheme Shares

"Exchange Proposal"	the exchange proposal for the exchange of the entire aggregate principal amount of the New Option 1 Bonds outstanding and the interest accrued thereon for the New Bonds, details of which are disclosed in the announcements of the Company dated 13 June 2025 and 9 July 2025
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
"Group"	the Company and its subsidiaries (from time to time)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Court"	the High Court of Hong Kong
"Increase in Authorised Share Capital"	the proposed increase of the authorised share capital of the Company from HK$125,000,000 to HK$500,000,000 upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective
"Independent Board Committee"	the independent committee of the Board comprising Mr. Lau Fai Lawrence, being one of the independent non-executive Directors to advise the Independent Shareholders in relation to the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder
"Independent Financial Adviser"	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with approval from the Independent Board Committee to advise the Independent Board Committee in respect of the terms of the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder

"Independent Shareholder(s)"	the Shareholder(s), to the extent applicable in respect of each resolution to be considered and voted at the SGM, other than Trinity Eagle, Mr. Chan, Ms. Lau Ting, Ms. Zhu Xinxin, Mr. Qiu Peiyuan or the respective parties acting in concert with any of them and not involved or interested in (other than solely as a Shareholder) the Capital Reorganisation, the Creditors Scheme (which also constitutes a special deal under Rule 25 of the Takeovers Code), the Whitewash Waiver and the transactions contemplated thereunder and are not required to abstain from voting under the Listing Rules and/or the Takeovers Code and therefore permitted to vote in respect of the resolution(s) to approve the Capital Reorganisation, the Creditors Scheme (which also constitutes a special deal under Rule 25 of the Takeovers Code), the Whitewash Waiver and the transactions contemplated thereunder at the SGM
"Independent Third Party(ies)"	a person(s) or company(ies) together with its ultimate beneficial owner(s) who or which is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s)
"Last Trading Day"	25 March 2026, the last trading date before the publication of this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Million Sensible"	Million Sensible Limited, a company incorporated in the British Virgin Islands with limited liability and entire issued share capital is wholly and beneficially owned by Mr. Chen Ai Zheng
"Mr. Chan"	Mr. Chan Ka Wang Chris, being the ultimate beneficial owner of the entire issued share capital of Trinity Eagle
"Mr. Norman Chan"	Mr. Chan Norman Enrique
"New Bonds"	the Hong Kong dollar unlisted bonds issued by the Company on 9 July 2025 to the holder(s) of the New Option 1 Bonds or its (their) nominee(s) and due on 10 July 2025 pursuant to the Exchange Proposal

"New Option 1 Bonds"	the Hong Kong dollar denominated convertible bonds issued by the Company on 7 April 2017 which was due since 7 November 2023 and the outstanding principal amount and the interest accrued thereon is approximately HK$195 million as at the settlement date of the Exchange Proposal (i.e. 9 July 2025). The New Option 1 Bonds have 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 on the settlement date, being 9 July 2025
"New Share(s)"	new ordinary share(s) of par value of HK$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
"Petitioner"	Industrial Bank Co., Ltd. (a joint stock company incorporated in the PRC with limited liability) Hong Kong Branch
"Price Protection"	the Company's guarantee to pay any shortfall of the Disposal Price for the Disposal up to a minimum guaranteed price of HK$0.15 per Scheme Share, such that the Scheme Company would receive a minimum of HK$0.15 per Scheme Share on behalf of the relevant Creditors with regard to the Disposal
"Restructuring"	the proposed restructuring of the Company comprising the Capital Reorganisation, the Share Premium Cancellation and the Creditors Scheme
"Scheme Administrators"	such persons who will be appointed as the scheme administrators or their successors pursuant to the terms of the Creditors Scheme
"Scheme Claim(s)"	a Claim: (a) which is not a preferential Claim (and where the Claim is only in part a preferential Claim, then the person is a Creditor only to the extent of the non-preferential portion of the Claim); (b) which is not a secured Claim (and where the Claim is only in part a secured Claim, then the person is a Creditor only to the extent of the unsecured part of the Claim); (c) which is not a claim for the petition costs, restructuring costs and operational debt; and (d) which is not an amount due to Mr. Chan under the Working Capital Facility and to Trinity Eagle under the Trinity Eagle Undertaking

"Scheme Company"	a company to be incorporated with limited liability, being a special purpose vehicle to be held and controlled by the Scheme Administrators or such other company as may be nominated by the Scheme Administrators
"Scheme Costs"	costs, charges, expenses and disbursements necessary and properly incurred after the effective date of the Creditors Scheme, in connection with the administration and implementation of the Creditors Scheme including the fees and remuneration of the Scheme Administrators and the adjudicator and their respective advisers and those set out in the Scheme Document
"Scheme Document"	the document sent to the Creditors in relation to the Creditors Scheme, with the approval of the Hong Kong Court which includes, *inter alia,* an explanatory statement of the Creditors Scheme
"Scheme Meeting(s)"	the meeting(s) of the Creditors convened and held at the direction of the Hong Kong Court approving the Creditors Scheme
"Scheme Share(s)"	a total of 326,666,666 New Shares to be allotted and issued under the Creditors Scheme
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving among others, the Capital Reorganisation, the Share Premium Cancellation, the Whitewash Waiver, the Creditors Scheme (which also constitutes a special deal under Rule 25 of the Takeovers Code) and the transactions contemplated thereunder
"Shareholder(s)"	holder(s) of the issued Shares
"Share(s)"	existing ordinary share(s) of par value of HK$0.50 each in the share capital of the Company before the Capital Reorganisation becoming effective

"Share Consolidation"	the proposed consolidation of every ten (10) issued Shares of par value of HK$0.50 each into one (1) Consolidated Share of par value of HK$5.00 each
"Share Option Scheme"	the share option scheme adopted by the Company on 2 August 2022
"Share Premium Account"	the share premium account of the Company in the sum of HK$1,625,182,000 as at 30 June 2025, which is formed of the premium paid for new shares of the Company above their nominal value
"Share Premium Cancellation"	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account as at the date on which Share Premium Cancellation is to take effect to nil with the credit arising therefrom be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the applicable laws and the Bye-Laws including, without limitation, setting off the accumulated losses of the Company
"Share Sub-division"	the proposed sub-division of each of the then authorised but unissued Share of par value HK$0.50 each into fifty (50) New Shares of par value of HK$0.01 each
"Special Deal"	the proposed settlement of the Admitted Scheme Claims which may result in issue of Scheme Shares to the Creditor Shareholders and the Disposal of the Scheme Shares under the Cash Option for the benefit of the Creditor Shareholders under the Creditors Scheme, which constitutes a special deal under Rule 25 of the Takeovers Code
"Specific Mandate"	the specific mandate to be obtained from the Independent Shareholders at the SGM for the allotment and issue of the Scheme Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supreme Court"	the Supreme Court of Bermuda
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers issued by the SFC
"Trinity Eagle"	Trinity Eagle Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and beneficially wholly owned by Mr. Chan

"Trinity Eagle Undertaking"	undertaking given by Trinity Eagle to provide a facility in the amount of up to HK$9.75 million to the Company to discharge its obligations under the Price Protection up to 65,000,000 Scheme Shares
"Whitewash Waiver"	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations on the part of Trinity Eagle to make a mandatory general offer to acquire all the issued shares of the Company, except those already owned or agreed to be acquired by Trinity Eagle, Mr. Chan and parties acting in concert with any of them, which would otherwise arise as a result of the Creditors Scheme having become effective
"Winding-up Petition"	the winding up petition filed by the Petitioner against the Company on 11 March 2025 at the Hong Kong Court
"Working Capital Facility"	the working capital facility provided by Mr. Chan to China LotSynergy Group Limited (a direct wholly-owned subsidiary of the Company) in the amount of up to HK$15 million for the purpose of financing the general working capital requirements of the Group
"%"	per cent.

For and on behalf of
China Ecotourism Group Limited
ZHU Xinxin
Director and Chief Executive Officer

Hong Kong, 25 March 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.

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