



China Ecotourism Group Limited

中國生態旅遊集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1371)

Executive Directors:

Ms. ZHU Xinxin (*Chief Executive Officer*)

Mr. DI Ling

Independent Non-Executive Directors:

Dr. MENG Zhijun

Mr. DUAN Xinxiao

Mr. LAU Fai Lawrence

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10, Bermuda

Principal place of business

in Hong Kong:

Unit 1202, 12/F

Landmark South

39 Yip Kan Street

Wong Chuk Hang

Hong Kong

26 May 2026

To the Shareholders

Dear Sir or Madam,

- (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;
(4) APPLICATION FOR WHITEWASH WAIVER AND
CONSENT FOR SPECIAL DEAL;
AND
(5) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

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 Winding-up 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.

The purpose of this circular is to provide you, among other things, (i) further details of the proposed Restructuring; (ii) a letter of recommendation from the Independent Board Committee in relation to the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser in relation to the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder; and (iv) a notice convening the SGM.

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 Latest Practicable Date, 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 the amount of HK\$125,000,000 divided into 12,500,000,000 New Shares of HK\$0.01 each to the amount of 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 Latest Practicable Date, 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 Latest Practicable Date, 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.

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\$1,625,182,560. The balance of the Share Premium Account has not changed since 30 June 2025 and up to the Latest Practicable Date.

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\$0.161 per Share (equivalent to the theoretical price of HK\$1.61 per New Share) as quoted on the Stock Exchange as at the Latest Practicable Date: (i) the value of each board lot of 10,000 Shares is HK\$1,610; and (ii) the value of each new board lot of 2,000 New Shares would be HK\$3,220 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 Latest Practicable Date, 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 Latest Practicable Date, 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, which is currently expected to be on Monday, 29 June 2026, being the second Business Day immediately following the date of the SGM, the Shareholders may submit their existing share certificates in purple colour for the Shares on or after Tuesday, 14 July 2026 and until Wednesday, 5 August 2026 (both days inclusive) to the branch share registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong in exchange for new share certificates in blue colour for the New Shares at the expenses of the Company. It is expected that the new share certificates for the New Shares will be available for collection within ten (10) Business Days after submission of the existing share certificates to Computershare Hong Kong Investor Services Limited for exchange. Thereafter, a fee of HK\$2.50 (or such other amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to Computershare Hong Kong Investor Services Limited for each share certificate for the New Shares issued or each share certificate for the Shares submitted for cancellation, whichever is higher.

After 4:10 p.m. on Monday, 3 August 2026, trading will only be in New Shares which share certificates will be issued in blue colour. 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 as a result of the change in board lot size, the Company has appointed Computershare Hong Kong Investor Services Limited as its 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 during the period from Tuesday, 14 July 2026 to Monday, 3 August 2026. Holders of Shares in odd lots who wish to utilise this facility to dispose of or top up their odd lots of the Shares may contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 4:30 p.m.) within the above period. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Shareholders should note that the 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 lots matching 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\$0.161 per Share (equivalent to the theoretical closing price of HK\$1.61 per New Share) as quoted on the Stock Exchange as at the Latest Practicable Date, the value of each new board lot of 2,000 New Shares would be HK\$3,220 as compared to HK\$1,610 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 Latest Practicable Date, 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:

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

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 option (ii) above 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 option (ii) above exceeding the Cap) will be deemed to be elected for the option (i) above and the relevant number of the Scheme Shares will be allotted and issued to the participating Creditors under the option (i) above.

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 Shares, such that the Scheme Company would receive a minimum of HK\$0.15 per Scheme Share on behalf of the relevant Creditors with regards to the Disposal. The expenses to be incurred under the Price Protection will be funded by the Trinity Eagle Undertaking.

In determining the maximum Cap of 65,000,000 Scheme Shares and minimum guaranteed price of HK\$0.15 per Scheme Shares under the Price Protection, the Company took into account (i) the Company only has cash or cash equivalent of approximately HK\$2,000 as at 31 December 2024 (the remaining balance of the cash and bank balance of the Group in the amount of approximately HK\$46.2 million was mainly maintained by the Group's subsidiaries in the PRC, which is subject to business operation and financial needs of the Group and foreign currency restrictions in the PRC), and the Company does not have financial resources to provide cash

alternative to the Creditors; (ii) the preference of certain Creditors for having the alternative of receiving cash rather than Shares; and (iii) after arm's length and commercial negotiation between the Company and Trinity Eagle, Trinity Eagle is only willing to provide facility of not more than HK\$10 million to facilitate the Company to provide the Price Protection so as to gather support from the Creditors of the Company. In respect of the Disposal Period, it was determined with reference to (i) the prevailing market conditions, including the uncertainties in the economic environment, consumer sentiment and regulatory policies on the China's lottery market; (ii) the maximum Cap of 65,000,000 Scheme Shares (representing approximately 19.00% of the enlarged issued share capital of the Company) represents approximately 4 times of the total number of the issued Shares of the Company (assuming the Capital Reorganisation having become effective) as at the Latest Practicable Date; and (iii) the discussion between the Company and the proposed Scheme Administrators (being Messrs. Osman Mohammed Arab and Lai Wing Lun, both of Acclime Corporate Advisory (Hong Kong) Limited, who will be formally appointed by the Company upon Scheme becomes effective), in order to provide the Scheme Administrators with sufficient time to identify potential purchaser(s) and perform all necessary "know your client" procedures before entering into formal agreement(s) with the potential purchaser(s).

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 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 (i.e. the Stock Exchange and the SFC), 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), which will not form part of the Admitted Scheme Claims, will not be compromised, discharged or released, and will remain as the liabilities of the Company 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 Latest Practicable Date (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 and reasons for the claim	Amount owed by the Company HK\$'000	Original amount involved HK\$'000	Initial incurrence date	Maturity date/ last due date	Interest rate	Corresponding financial statement line item(s)
Baker & Mckenzie	Independent Third Party	Outstanding professional service fee	4,253	5,289	July 2022	Feb 2025	N/A	Accruals and other payables
Chen Aizheng (Note 1)	Former employee of the Group	Borrowing of subsidiaries guaranteed by the Company	176	150	Jan 2022	Dec 2024	8.0% p.a.	Accruals and other payables
		Outstanding salaries of subsidiaries guaranteed by the Company	1,117	1,117	Jan 2022	Dec 2024	N/A	Accruals and other payables
Deutsche Bank AG, Hong Kong Branch	Independent Third Party	Outstanding professional service fee	31	31	Apr 2024	May 2025	N/A	Accruals and other payables
Di Ling	Executive Director	Outstanding Directors' remuneration	1,552	1,552	Oct 2022	Jun 2025	N/A	Accruals and other payables
Duan Xinxiao	Independent non-executive Director	Outstanding Directors' remuneration	459	459	Jan 2024	Jun 2025	N/A	Accruals and other payables
Hung San Yeung	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	772	772	Oct 2022	Nov 2024	N/A	Accruals and other payables

Name of Creditors	Background	Nature of and reasons for the claim	Amount owed by the Company HK\$'000	Original amount involved HK\$'000	Initial incurrence date	Maturity date/ last due date	Interest rate	Corresponding financial statement line item(s)
Industrial Bank Co., Ltd. Hong Kong Branch (Note 3)	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	85,090	162,000	Sep 2018	Oct 2023	Approximately 8.4%	Bank and other borrowings
Li Chiu Ho	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	639	639	Sep 2023	Sep 2024	N/A	Accruals and other payables
Meng Zhijun	Independent non-executive Director	Outstanding salaries of subsidiaries guaranteed by the Company	545	545	Sep 2023	Jun 2025	N/A	Accruals and other payables
Million Sensible (Note 1)	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	93,895	71,285	Feb 2023	Oct 2023	8.0% p.a.	Bank and other borrowings
Mr. Norman Chan (Note 5)	Independent Third Party	Borrowing of subsidiaries guaranteed by the Company	11,044	8,400	From Oct 2021 to May 2024	Jun 2025	8.0% p.a.	Accruals and other payables
		Outstanding Directors' remuneration assigned from the Directors/former Directors	4,046	4,046	From Oct 2020 to Jul 2023	From Jun 2023 to Mar 2025	N/A	Accruals and other payables
Qiu Peiyuan	Former executive Director	Outstanding Directors' remuneration	489	489	Oct 2022	Sep 2024	N/A	Accruals and other payables
Sit Hoi Tung	Former employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	1,379	1,379	Jan 2022	Dec 2024	N/A	Accruals and other payables

Name of Creditors	Background	Nature of and reasons for the claim	Amount owed by the Company HK\$'000	Original amount involved HK\$'000	Initial incurrence date	Maturity date/ last due date	Interest rate	Corresponding financial statement line item(s)
Swift Insight Limited (Note 4)	Independent Third Party	Borrowing	2,410	2,100	Sep 2023	Nov 2023	8.5% p.a.	Accruals and other payables
Tan Yung Kai Richard	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	2,450	2,450	Jan 2022	Dec 2024	N/A	Accruals and other payables
Trinity Eagle Investments Limited (Note 6)	Independent Third Party	New Bonds	189,151	148,889	May 2022	Jul 2025	Coupon rate: 7.0% Default interest rate: 9.0% Default interest rate of accrual interest: 2.0% Additional interest rate: 10.0%	Unlisted bonds
		Borrowing of subsidiaries guaranteed by the Company	59,527	46,371	Oct 2020	Jun 2025	8.0% p.a.	Bank and other borrowings, accruals and other payables
		Outstanding salaries assigned from the former employees	20,027	20,027	Jan 2022	Oct 2024	N/A	Accruals and other payables

Name of Creditors	Background	Nature of and reasons for the claim	Amount owed by the Company <i>HK\$'000</i>	Original amount involved <i>HK\$'000</i>	Initial incurrence date	Maturity date/ last due date	Interest rate	Corresponding financial statement line item(s)
Other holder(s) of the New Bonds <i>(Note 2)</i>	N/A	New Bonds	6,260	5,273	May 2022	Jul 2025	Coupon rate: 7.0% Default interest rate: 9.0% Default interest rate of accrual interest: 2.0%	Unlisted bonds
Tse Siu Ling	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	1,123	1,123	Jan 2022	Jun 2025	N/A	Accruals and other payables
Wang Anyuan	Former independent non-executive Director	Directors' Remuneration	51	51	Oct 2024	Mar 2025	N/A	Accruals and other payables
Win Bailey Valuation and Advisory Limited	Independent Third Party	Outstanding professional service fee	23	23	Sep 2024	Oct 2024	N/A	Accruals and other payables
Wong Yin Ming	Employee of the Group	Outstanding salaries of subsidiaries guaranteed by the Company	827	827	Jan 2022	Dec 2024	N/A	Accruals and other payables
		Total	<u>487,336</u>					

Notes:

1. Million Sensible is wholly and beneficially owned by Mr. Chen Aizheng, who is independent from and not a party acting in concert with Trinity Eagle or Mr. Chan.
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 depository 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 Latest Practicable Date.
3. Industrial Bank Co., Ltd. Hong Kong Branch, being the Petitioner, has filed the Winding-up Petition against the Company on 11 March 2025 at the Hong Kong Court. It was ordered on 27 February 2026 that, among others, the hearing of the Petition be adjourned to 1 June 2026 at 9:30 a.m. As at the Latest Practicable Date, apart from the Petition, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.
4. The ultimate beneficial owner of Swift Insight Limited is Mr. Gao Rihui, who is an Independent Third Party and is independent from and not a party acting in concert with Trinity Eagle or Mr. Chan.
5. Mr. Norman Chan has acquired the debts of the Company in the total amount of approximately HK\$15,089,000 from the original creditors, which comprised (i) approximately HK\$324,000 from Chan Ming Fai; (ii) approximately HK\$66,000 from Huang Sheunglan; (iii) approximately HK\$8,499,000 from Wu Jingwei; (iv) approximately HK\$4,096,000 from Zhu Xinxin; and (v) approximately HK\$2,104,000 from China Carbon Neutral Group Limited, respectively, with a total consideration of HK\$1,000,000 in August 2025. Chan Ming Fai, Huang Sheunglan and Wu Jingwei were former Directors. China Carbon Neutral Group Limited is an indirect wholly-owned subsidiary of China Carbon Neutral Development Group Limited, which 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 and daughter of Ms. Lau Ting).
6. Trinity Eagle has acquired certain receivables of the Company in the total amount of approximately HK\$80 million from Ms. Lau Ting (i.e. the controlling shareholder of the Company and a former executive Director) and Ms. Chan Tan Na Donna (i.e. a former executive Director and daughter of Ms. Lau Ting) pursuant to the Assignments on 25 March 2026, with a total consideration of HK\$6.5 million payable by Trinity Eagle upon the Creditors Scheme becomes effective. Ms. Lau Ting and Ms. Chan Tan Na Donna have irrevocably and unconditionally agreed to transfer the consideration payable by Trinity Eagle to the Group as gift.
7. As at the Latest Practicable Date, none of the debts have assets security.

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 6.83% to the theoretical closing price of HK\$1.61 per New Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK\$0.161 per Share as quoted on the Stock Exchange on the Latest Practical Date;
- (ii) 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;
- (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 five trading days up to and including the Last Trading Day;
- (iv) 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;
- (v) 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;
- (vi) 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 report 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
- (vii) 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.

As the Group has been loss-making since 2015 with deteriorating financial performance and deepened indebtedness, the Group has recorded net current liabilities of approximately HK\$493.8 million and net liabilities of approximately HK\$518.2 million as at 31 December 2025. As disclosed in the Company's annual report for the year ended 30 June 2025, the Company's auditors have issued a disclaimer of opinion on the Company's consolidated financial statements, citing the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Under such backdrop, the Company has used its best endeavours to maintain on-going discussions with the Creditors and to explore potential terms of the proposed Restructuring. Taking into account (i) the feedback received from the Creditors during arm's length negotiations; (ii) the adverse financial condition with worsening net liabilities position and insolvency of the Company; (iii) the consecutive net losses recorded by the Group in recent financial years; (iv) the prevailing market conditions and market price of the Shares during the course of formulating the proposed Restructuring; and (v) the expected business prospect and continuous development of the Group after the completion of the proposed Restructuring, the Board is of the view that the issue price is considered fair and reasonable and in the interest of the Company, the Independent Shareholders as well as the Creditors as a whole.

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 (i) at least 75% of 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 (ii) at least 50% of the Independent Shareholders at the SGM by way of poll in respect of the Creditors Scheme, the Special Deal, and the transactions contemplated thereunder;
- (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 Latest Practicable Date, 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 Latest Practicable Date, the Company has obtained the confirmations from creditors with aggregate claim amount and interest accruing up to the Latest Practicable Date in the amount of not less than HK\$490 million, to treat for all purposes their notices of claim for voting purpose for the scheme meeting as being the notices of claim for scheme consideration purpose (subject to all necessary updates, such as updating the amount of interest accruing up to the effective date of the Creditors Scheme).

As at the Latest Practicable Date, save for Mr. Qiu Peiyuan, a former Director interested in 1,955,500 Shares (representing approximately 1.27% of the issued Shares at the Latest Practicable Date) 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 known 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 (i.e. the Stock Exchange and the SFC), 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 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 Latest Practicable Date, 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 on 25 March 2026 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.

According to the relevant annual reports and interim report of the Company, the Group has recorded net losses consistently since the year ended 31 December 2015. The net losses of the Group amounted to approximately HK\$73.1 million for the year ended 30 June 2025 and approximately HK\$27.3 million for the six months ended 31 December 2025. The Group had recorded (i) net current liabilities of approximately HK\$493.8 million as at 31 December 2025 and approximately HK\$464.1 million as at 30 June 2025; and (ii) net liabilities of approximately HK\$518.2 million as at 31 December 2025 and approximately HK\$491.4 million as at 30 June 2025. Meanwhile, the cash and bank balances of the Group which could be disposed of only amounted to approximately HK\$58.1 million as at 31 December 2025, which was mainly maintained by the Group's subsidiaries in the PRC, which is subject to business operation and financial needs of the Group and foreign currency restrictions in the PRC. Due to the aforementioned reasons, the Company was not able to utilise the Group's cash maintained by the Group's subsidiaries in the PRC to settle the original debts of the Company (including but not limited to certain professional service fees, employees' salaries and directors' remuneration) which have been overdue due to such liquidity shortage and financial distress situation of the Group. The Group has not procured any undertaking from any of the original creditors on not demanding the repayment from the Company.

The deteriorating financial condition of the Group since 2015 has been attributable to multiple factors, mainly (i) the expiry of the Group's China Welfare Lottery Video Lottery supply contract on 28 June 2015, which had negatively affected the Group's income from provision of lottery terminals and lottery sale channels, and thus resulting in a significant impact on the Group's cash flow and profitability since then; (ii) the loans granted by the Group between 2014 and 2018, which the aggregate principal sum amounted to approximately HK\$468.0 million. Following the defaults on the repayments of borrowers of the loans, the Company has recorded accumulated impairment losses of approximately HK\$501.3 million on the loan receivables as at 31 December 2019; and (iii) the impairment provision made by the Group for the year ended 31 December 2019 in relation to the consideration of HK\$35.0 million for the Group's subscription of 37.5% interest in Pan Asia Blockchain Lottery Limited, taking into account the likelihood of recovery of the investment sums was low, given that the other parties involved in the Group's subscription have become uncontactable and Pan Asia Blockchain Lottery Limited has ceased operation. Notwithstanding that the Company has considered various actions to recover the abovementioned loan receivables and the consideration

for subscription, including but not limited to, engaging debt recovery agents and commencing formal legal actions, taking into account the financial difficulties of the borrowers, the enormous amount of financial and human resources potentially required for the Group to pursue such recovery actions, and the highly unpredictable outcomes, the Company considered that no practical further actions can be taken by the Group to recover most of the loan receivables and the consideration for subscription. As at the Latest Practicable Date, approximately RMB20.0 million of the outstanding loan receivables due from Zhongrong Green Financial Leasing Co. Ltd.* (中融綠色融資租賃有限公司) (being item 9(a) & 9(b) in the table below) have been fully settled pursuant to the loan restructuring agreement dated 31 December 2020.

The table below sets forth the details of the loans granted by the Group between 2014 and 2018:

	Borrower	Date of agreement for the respective loan	Amount of the (a) principal and (b) interest rates	Term of the respective loan and repayment terms	Reasons of default
1	Seng Keng Promocao De Jogos Sociedade Unipessoal Limitada	21 August 2014	(a) HK\$50,000,000 (b) 8% p.a.	Within 180 days; repayable on demand at request of the Lender, or Borrower may repay a portion before the maturity date	The borrower failed to repay the outstanding principal upon maturity/ demand, and the Group subsequently lost contact with the borrower.
2	Global Link Investment Limited	14 May 2014	(a) HKD80,000,000 (b) 7% p.a.	4 months	The borrower failed to repay the outstanding principal upon maturity/ mand, and the Group subsequently lost contact with the borrower.
3	Wealthy Capital Enterprises Inc.	4 February 2016	(a) HKD100,000,000 (b) 6% p.a.	Approximately 10 months	The borrower failed to repay the loan upon maturity. The relevant guarantor was later subject to bankruptcy proceedings.
4a	Unionconcept Investment Ltd.	21 November 2016	(a) HKD48,000,000 (b) 5% p.a.	12 months, may repay before the maturity date	The borrower failed to repay the outstanding loan upon maturity/demand, and the Group subsequently lost contact with the borrower.

	Borrower	Date of agreement for the respective loan	Amount of the (a) principal and (b) interest rates	Term of the respective loan and repayment terms	Reasons of default
4b	Unionconcept Investment Ltd.	12 December 2016	(a) HKD40,000,000 (b) 5% p.a.	12 months, may repay before the maturity date	The borrower failed to repay the outstanding loan upon maturity/demand, and the Group subsequently lost contact with the borrower.
5a	Oceanic Ray Limited	15 January 2015	(a) HKD20,000,000 (b) 5.5% p.a.	1 year, may repay before the maturity date	The borrower failed to repay the outstanding loan upon maturity/demand, and the Group subsequently lost contact with the borrower.
5b	Oceanic Ray Limited	9 August 2016	(a) HKD25,000,000 (b) 5% p.a.	6 months, may repay before the maturity date	The borrower failed to repay the outstanding loan upon maturity/demand, and the Group subsequently lost contact with the borrower.
6	Shenzhen Sea World Industrial Development Co., Ltd.* (深圳市海上世界實業發展有限公司)	23 June 2016	(a) RMB15,000,000/ HKD17,301,000 (b) 8% p.a.	4 months, may repay prior to the maturity date	The borrower failed to repay the loan upon maturity, and the Group subsequently lost contact with the borrower. The borrower was later subject to liquidation/bankruptcy.
7	Beijing Huishengxin Business Service Co., Ltd.* (北京匯晟鑫商務服務有限公司)	10 August 2016	(a) RMB16,000,000/ HKD18,454,000 (b) 6.8% p.a.	6 months, may repay before the maturity date	The borrower failed to repay the loan upon maturity, and the Group subsequently lost contact with the borrower. The borrower's business licence was later revoked.

	Borrower	Date of agreement for the respective loan	Amount of the (a) principal and (b) interest rates	Term of the respective loan and repayment terms	Reasons of default
8a	Shenzhen Xiangfu Yeguang Jewelry Co., Ltd.* (深圳市祥富業廣珠寶有限公司)	5 March 2018	(a) RMB5,000,000/ HKD5,767,000 (b) 4.35% p.a.	24 months, may repay before the maturity date	The borrower failed to repay the loan upon maturity, and the Group subsequently lost contact with the borrower. The borrower's business licence was later revoked.
8b	Shenzhen Xiangfu Yeguang Jewelry Co., Ltd.* (深圳市祥富業廣珠寶有限公司)	8 March 2018	(a) RMB35,000,000/ HKD40,369,000 (b) 4.35% p.a.	12 months	The borrower failed to repay the loan upon maturity, and the Group subsequently lost contact with the borrower. The borrower's business licence was later revoked.
9a&b	Zhongrong Green Financial Leasing Co., Ltd.* (中融綠色融資租賃有限公司)	18 May 2018	(a) RMB20,000,000/ HKD23,068,000 (b) 8% p.a.	RMB20 million, provided in two tranches: (i) Tranche 1: RMB10 million for 1 year from drawdown; (ii) Tranche 2: RMB10 million for 6 months from drawdown (and extended for an additional 1 year)	The borrower had financial difficulty and the loan was subsequently restructured and settled.

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 of approximately 47.84% on the interest 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. Further, based on the issue price of the Scheme Shares, which 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 as detailed in the above sub-section headed "Issue Price", the

Directors (including the member of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee in this circular) are of the view that the issue price of the Scheme Shares is considered fair and reasonable.

Prior to the decision of proceeding with the Creditors Scheme, the Board had endeavoured to solicit other possible financing alternatives to settle the Group's indebtedness, such as debt fundraising and equity fundraising. Pursuant to the communications with various financial institutions and banks, the Directors noted the fact that (i) due to the lack of valuable assets available to be used as collateral, the prospects of obtaining debt financing are, if not impossible, extremely low; and (ii) due to the financial distress situation of the Group, the Company was unable to obtain any favourable responses. While the Company and its restructuring adviser have explored and discussed with the Petitioner regarding restructuring proposal with haircut, no positive feedback has been received. Given that (a) the Winding-up Petition has already been filed by the Petitioner against the Company; (b) if without the cooperation from the Petitioner, it would be very difficult to secure the other Creditors to reach individual settlement with the Company; and (c) more importantly, if without the cooperation from the Petitioner, the Company will not be able to achieve global settlement with all its Creditors to avoid the potential winding up of the Company save as pursuant to a scheme of arrangement.

As such, the Directors (including the member of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee in this circular) are of the view that the Creditors Scheme initiated by the Company represents the best available and viable option, and 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 (including the member of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee in this circular) 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.

Illustrative effect of the Creditors Scheme to the financial position of the Group

For illustrative purpose only, the table below sets forth an analysis of the Company's unaudited consolidated pro forma net assets value (subject to audit), assuming that the proposed Restructuring took place on 31 December 2025, and is prepared based on the unaudited financial information of the Company as at 31 December 2025 stated in the Company's interim report for the six months ended 31 December 2025.

	As at 31 December 2025	Pro forma balance assuming the proposed Restructuring took place on 31 December 2025
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Non-current assets	13,759	13,759
Current assets	117,856	117,856
Non-current liabilities	(24,363)	(24,363)
Current liabilities	(625,404)	(104,858)
Net current (liabilities)/assets	(507,548)	12,998
Net (liabilities)/assets	(518,152)	2,394

As presented above, assuming the proposed Restructuring took place on 31 December 2025, the net current liabilities of the Group of approximately HK\$507.5 million is expected to turn around to net current assets of approximately HK\$13.0 million, and the net liabilities of the Group of approximately HK\$518.2 million is expected to turn around to net assets of approximately HK\$2.4 million. The remaining liabilities of the Group as at 31 December 2025 upon the completion of the proposed Restructuring mainly comprise (i) contract liabilities arisen from the provision of the Group's technical and maintenance services for lottery systems, terminal equipment and related products; (ii) accrued charges and other payables of the Group; and (iii) deferred income tax liabilities.

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 Latest Practicable Date; (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 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 Latest Practicable Date		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 Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of 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%
Other Shareholders										
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%
Other Creditors (Note 7)										
Other holders of the New Bonds (Note 8)										
Chan Norman Enrique	–	–	–	–	4,173,145	1.22%	4,173,145	1.22%	946,684	0.28%
Swift Insight Limited	–	–	–	–	10,059,590	2.94%	10,059,590	2.94%	2,282,032	0.67%
Hung San Yeung	–	–	–	–	1,606,716	0.47%	1,606,716	0.47%	364,486	0.11%
Sit Hoi Tung	–	–	–	–	514,442	0.15%	514,442	0.15%	116,702	0.03%
Tan Yung Kai Richard	–	–	–	–	919,000	0.27%	919,000	0.27%	208,477	0.06%
Tse Siu Ling	–	–	–	–	1,633,156	0.48%	1,633,156	0.48%	370,484	0.11%
Wong Yin Ming	–	–	–	–	748,333	0.22%	748,333	0.22%	169,761	0.05%
Li Chiu Ho	–	–	–	–	551,150	0.16%	551,150	0.16%	125,030	0.04%
	–	–	–	–	425,727	0.12%	425,727	0.12%	96,577	0.03%

Shareholders	As at the Latest Practicable Date		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)	
	Date		Capital Reorganisation having become effective		Completion of the Disposal		below 10%)		subject to the Cap)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
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:

- Trinity Eagle is wholly and beneficially owned by Mr. Chan. As at the Latest Practicable Date, 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.
- The Petitioner is the Hong Kong Branch of Industrial Bank Co., Ltd.
- 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% by 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 (i.e. 688,677 Shares, representing approximately 0.45% of the shareholding of the Company) and Glory Add Limited (i.e. 2,562,462 Shares, representing approximately 1.66% of the shareholding of the Company) by virtue of the SFO.
- 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 and daughter of Ms. Lau Ting)).
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 depository 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 Latest Practicable Date.
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. For illustrative purpose, the converted Scheme Shares of the respective Creditors are calculated based on their amounts of debts with the interest calculated up to 30 June 2025. 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 difference between (i) the total number of Scheme Shares to be issued under the Creditors Scheme (i.e. 326,666,666 New Shares); and (ii) the illustrative converted Scheme Shares of the respective Creditors calculated based on their amounts of debts with the interest calculated up to 30 June 2025 being converted at HK\$1.50 per Scheme Share (i.e. 326,263,075 New Shares). 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 Trinity Eagle and/or 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 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 Latest Practicable Date.

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 Latest Practicable Date, 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)
	<i>(Approximate)</i> <i>(HK\$)</i>	<i>Number of Scheme Shares (assuming the outstanding debt to be converted at HK\$1.50 per Scheme Share)</i>	<i>% (as enlarged by the allotment and issue of the Scheme Shares, assuming no other change in the issued share capital of the Company)</i> <i>(Approximate)</i>
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 with interests calculated up to 30 June 2025, (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, 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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date; 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 Latest Practicable Date, 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 Shares), 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 Latest Practicable Date 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 has made 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 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). If the Whitewash Waiver is not approved by the Independent Shareholders', 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 Latest Practicable Date, 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 Latest Practicable Date) 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 has been 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 depository 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 Latest Practicable Date, with the interests calculated up to 30 June 2025, 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 Latest Practicable Date, 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 Trinity Eagle 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 leverage his corporate management experience and utilise the existing management's experience in 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 Latest Practicable Date:

- (a) save for the Creditors Scheme, the Exchange Proposal and the transactions contemplated thereunder, 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 Relevant Period;
- (b) save for the Creditors Scheme, the Exchange Proposal and the transactions contemplated thereunder, none of Trinity Eagle, Mr. Chan or parties acting in concert with any of them owns, holds, controls or has direction over any Shares, 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 the Assignments do not have any favourable conditions which are not extended to all Shareholders, they do not constitute special deal under Rule 25 of the Takeovers Code.

As at the Latest Practicable Date:

- (a) there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between any of Trinity Eagle, its ultimate beneficial owner and parties acting in concert with any one of them on the one hand and the Company and any party acting in concert with it on the other hand;
- (b) there is no understanding, agreement or arrangement in the nature of a special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, and (ii) any of Trinity Eagle, its ultimate beneficial owner and parties acting in concert with any one of them; or the Company, its subsidiaries or associated companies;
- (c) save for the Assignments, there was no agreement, arrangement or understanding (including any compensation arrangement) between (i) any of Trinity Eagle, its ultimate beneficial owner and parties acting in concert with any one of them; and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders, having any connection with or dependence upon the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;
- (d) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the Capital Reorganisation, the Share Premium Cancellation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;
- (e) save for Ms. Zhu Xinxin who 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), none of the Directors beneficially held any Shares and accordingly, none of them will be entitled to vote to accept or reject the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;
- (f) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;

- (g) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of or is otherwise connected with the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal or the transactions contemplated thereunder;
- (h) there was no material contract entered into by the Creditors in which, save for the Director Creditors, any Director had a material personal interest;
- (i) the Company did not hold, control or have direction over any shares and any options, warrants, derivatives or convertible securities in respect of securities in Trinity Eagle and persons acting in concert with it, and it has not dealt for value in any such securities of Trinity Eagle and persons acting in concert with it during the Relevant Period;
- (j) none of the Directors held, controlled or had direction over any shares and any options, warrants, derivatives or convertible securities in respect of securities in Trinity Eagle and persons acting in concert with it, and none of them has dealt for value in any such securities of Trinity Eagle and persons acting in concert with it during the Relevant Period;
- (k) save for Ms. Zhu Xinxin whose shareholding is set out in the section headed “Disclosure of Interests” in Appendix II of this circular, none of the Directors held, controlled or had direction over any shares and any options, warrants, derivatives or convertible securities in respect of securities in the Company. In addition, none of the Directors has dealt for value in any such securities of the Company during the Relevant Period;
- (l) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers during the Relevant Period;

- (m) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code during the Relevant Period;
- (n) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company during the Relevant Period;
- (o) save for Ms. Zhu Xinxin, none of the Directors and their respective associates owned or controlled any shares and any options, warrants, derivatives or convertible securities in respect of securities in the Company. In addition, none of them has dealt for value in any such securities of the Company during the Relevant Period. Therefore, save for Ms. Zhu Xinxin who will abstain from voting at the SGM, none of the other Directors will be entitled to vote to accept or reject the resolutions to be proposed at the SGM to approve the Capital Reorganisation, the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder; and
- (p) neither the Company nor any of the Directors has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

As at the Latest Practicable Date, the Company confirms 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). 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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, and will 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.

Accordingly, Ms. Lau Ting, Ms. Zhu Xinxin, Mr. Qiu Peiyuan, Trinity Eagle and Mr. Chan (who are interested in 54,530,782 Shares, representing approximately 35.32% of the issued share

capital of the Company as at the Latest Practicable Date) and their respective associates and parties acting in concert with any of them 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 be required to abstain from voting on any resolutions proposed at the SGM in relation to the relevant resolutions.

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.

As Mr. Di Ling, Mr. Duan Xinxiao, Dr. Meng Zhijun and Ms. Zhu Xinxin have a material interest in the proposed Restructuring and the transactions contemplated thereunder, they have abstained from voting on the relevant resolution(s) at the meeting of the Board.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange. Results of the poll voting will be published on the Company's website and the website of Stock Exchange after the SGM.

In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time appointed for holding the SGM, (i.e. 11:30 a.m. on Tuesday, 23 June 2026), or any adjournment thereof. The completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the SGM or any adjournment thereof should he/she/it so wishes.

The register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, during which period no transfer of shares will be registered for the purpose of determining who will be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM to be held on Thursday, 25 June 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 18 June 2026.

RECOMMENDATION

The Directors (including the member of the Independent Board Committee whose opinion is set forth in the letter from the Independent Board Committee in this circular) consider that the terms of (i) the proposed Restructuring; (ii) the change in board lot size; (iii) the issue of Scheme Shares under Specific Mandate; (iv) the Whitewash Waiver and the Special Deal, and the respective transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions and special resolutions (as the case may be) to be proposed at the SGM.

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 58 to 59 of this circular which contains its recommendation to the Independent Shareholders in relation to the Creditors Scheme, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages 60 to 96 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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.

For and on behalf of
China Ecotourism Group Limited

A handwritten signature in black ink, appearing to be 'ZHU XINXIN', written in a cursive style.

ZHU Xinxin

Director and Chief Executive Officer