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National Arts Entertainment and Culture Group Limited 國藝娛樂文化集團有限公司

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8228)

INSIDE INFORMATION — UPDATE ON THE POSSIBLE RESTRUCTURING TRANSACTION INVOLVING THE ISSUE OF SHARES AND CONVERTIBLE BONDS

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of National Arts Entertainment and Culture Group Limited (the “**Company**”) pursuant to Rule 17.50(2) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATE ON THE POSSIBLE RESTRUCTURING TRANSACTION INVOLVING THE ISSUE OF SHARES AND CONVERTIBLE BONDS

Reference is made to the announcement of the Company dated 30 July 2019 titled “INSIDE INFORMATION-UPDATE ON THE POSSIBLE RESTRUCTURING TRANSACTION INVOLVING THE ISSUE OF SHARES AND CONVERTIBLE BONDS” (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

To facilitate the Company’s financial restructuring, the Company invited all known creditors of the Company to make an offer to the Company to subscribe for Convertible Bonds and New Shares on 10 July 2019. As at the date of this announcement, the Company is pleased to announce that it has received substantial support from its creditors, including Mr. Sin Kwok Lam, who is the largest creditor with approximately HK\$650 million indebted amount and the substantial shareholder of the Company as at the date of this announcement, regarding the Restructuring Transaction proposed by the Company. In this respect, the Board wishes to inform the Shareholders and its creditors that the Company proposes to put forward a scheme of arrangement (the “**Scheme**”) pursuant to Section 99 of the Companies Act 1981 of Bermuda and Section 670 of the

Companies Ordinance (Cap. 622) of Hong Kong with substantially similar terms under the Restructuring Transaction as disclosed in the Announcement. As advised by its legal advisers, it is expected that the Scheme will be completed within 2 to 3 months. The Company and its advisors are in the course of preparing the relevant documents in relation to the Scheme.

Up to the date of this announcement, the Company has instructed its legal advisers to inform the Hong Kong Court that it will to make an application for proceeding with the Scheme, and wishes to fix the dates for the hearing of the applications for convening a scheme meeting (the “**Convening Hearing**”) and for the sanction of the said Scheme (the “**Sanction Hearing**”).

Meanwhile, in order to speed up the process, the Company will soon convene a special general meeting (the “**SGM**”) for the purpose of approving, among others, if thought fit, the issue of the New Shares and the Convertible Bonds under the Scheme. The Company is in the course of preparing the relevant announcement and circular as to the issue of New Shares and Convertible Bonds. The Company has preliminarily assessed and expected that, assuming the Scheme becomes effective, upon completion of the restructuring transaction under the Scheme, the issue of the New Shares and the Convertible Bonds would not trigger mandatory offer obligations under the Code on Takeovers and Mergers.

Further announcements will be made to update the shareholders and potential investors of the Company on the progress of the Scheme as and when necessary.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
National Arts Entertainment and Culture Group Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Chow Kai Weng
Associate Chairman, Executive Director and Chief Executive Officer

Hong Kong, 12 August 2019

As at the date of this announcement, the Directors are as follows:

Chairman and Executive Director:

Mr. Sin Kwok Lam

Associate Chairman, Executive Director and Chief Executive Officer:

Mr. Chow Kai Weng

Executive Directors:

Mr. Cheng Wang Chun

Mr. Ho Leung Ting

Non-executive Director:

Dr. Lam Lee G.

Independent Non-executive Directors:

Mr. Chui Chi Yun Robert

Mr. Li Kit Chee

Mr. Lam Kwok Hing Wilfred

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting. This announcement will also be published and shall remain on the Company’s website at www.nationalarts.hk on the “Investor Relations” page.