



National Arts

**NATIONAL ARTS ENTERTAINMENT AND
CULTURE GROUP LIMITED**

國藝娛樂文化集團有限公司*

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

(Stock Code: 8228)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of National Arts Entertainment and Culture Group Limited (the “Company”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange 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:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

** For identification purpose only*

FINANCIAL RESULTS

The board of directors (the “Board”) of National Arts Entertainment and Culture Group Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2014, together with the comparative figures for the corresponding period in 2013 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 31 March	
		2014	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue/Turnover	2	1,890	1,775
Other operating income	3	8	1,690
Cost of film production		–	(110)
Staff costs		(4,166)	(3,351)
Depreciation of property, plant and equipment		(575)	(390)
Amortisation of land lease prepayments		(561)	(561)
Other operating expenses		(6,731)	(4,444)
Finance costs	4	(20,381)	(876)
Loss before income tax		(30,516)	(6,267)
Income tax expense	5	–	(159)
Loss for the period		(30,516)	(6,426)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign operations		(6,158)	1,266
Other comprehensive income for the period		(6,158)	1,266
Total comprehensive income for the period		(36,674)	(5,160)

		Three months ended 31 March	
		2014	2013
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		(30,516)	(4,637)
Non-controlling interests		–	(1,789)
		<u> </u>	<u> </u>
		<u>(30,516)</u>	<u>(6,426)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(36,674)	(3,993)
Non-controlling interests		–	(1,167)
		<u> </u>	<u> </u>
		<u>(36,674)</u>	<u>(5,160)</u>
Basic loss per share attributable to the owners of the Company during the period			
	<i>6</i>	<u>(HK\$0.74 cents)</u>	<u>(HK\$0.11 cents)</u>
Diluted loss per share attributable to the owners of the Company during the period			
	<i>6</i>	<u>(HK\$0.74 cents)</u>	<u>(HK\$0.11 cents)</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the Cayman Islands on 16 November 2001 as an exempted company under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 14 October 2010, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda effective on 14 October 2010. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's principal place of business in Hong Kong is Unit B, 2/F, Jone Mult Industrial Building, 169 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company's shares are listed on the GEM of the Exchange.

The unaudited financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards which collectively includes all applicable individual Hong Kong Financial Reporting Standard, Hong Kong Accounting Standard and Interpretation issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Exchange (the "GEM Listing Rules").

The unaudited consolidated results for the three months ended 31 March 2014 have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

The accounting policies and basis of preparation adopted for the preparation of the financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 December 2013.

The unaudited financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to nearest thousand ("HK\$'000") unless otherwise stated.

2. REVENUE/TURNOVER

The Company is principally engaged in investment holding. The principal activities of the Group include film production and distribution, the provision of management services to artistes, and operations of film studio and hotels.

Revenue/Turnover is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably on the following bases:

Income derived from the production and distribution of films, when the production is completed and the film is released, the film has been distributed to the cinema circuit and the amount can be measured reliably, which is generally when the cinema circuit confirms to the Group its share of box receipts.

Income derived from the licensing of the distribution and broadcasting rights over films, when the Group's entitlement to such payments has been established which, subject to the terms of the relevant agreements, is usually upon delivery of the film negatives to the customers.

Management fee income and revenue from rendering of services are recognised when the agreed services are rendered.

Entrance fee income is recognised when the tickets are accepted and surrendered by the customer.

Sale of goods is recognised when the significant risk and rewards of ownership of the goods have been transferred to the buyers.

Rental income under operating leases is recognised over the lease term. Contingent rentals are recognised on the accounting period when they are incurred.

Interest income is recognised on time-proportion basis using effective interest method.

Dividend income from investments is recognised when the right to receive payment is established.

3. OTHER OPERATING INCOME

During the period under review, the other operating income was amounting to approximately HK\$8,000, which decreased by HK\$1,682,000 as previous period included an interest income of Wong Tai Sin Temple in Xiqiao Mountain.

4. FINANCE COSTS

During the period under review, finance costs were amounting to approximately HK\$20,381,000, which increased 2,227% as compared with 2013. There was an increase of finance costs as interest HK\$18,797,035 (2013: Nil) was incurred for bond and convertible bonds.

5. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for the three months ended 31 March 2014 (2013: Nil) as the Group did not generate any assessable profits in Hong Kong during these periods.

The PRC foreign enterprise income tax has not been provided as the PRC subsidiaries incurred losses for taxation purposes for both periods. The PRC income tax charged during the period under review (2013: Nil) represented the tax levied on a Hong Kong subsidiary of the Group at 10% in respect of income derived from the source within the PRC.

6. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss attributable to the owners of the Company of HK\$30,516,000 (2013: HK\$4,637,000) and the weighted average number of ordinary shares in issue during three months period which calculated as follows:

	Three months ended 31 March	
	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	4,126,271	4,056,271
Effect of dilutive potential ordinary shares:		
Share options	—	—
Warrants	—	—
Convertible bonds	—	—
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>4,126,271</u>	<u>4,056,271</u>

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of HK\$30,516,000 (2013: HK\$4,637,000) and the weighted average of approximately 4,126,271,000 (2013: approximately 4,056,271,000) ordinary shares in issue during the period.

Diluted loss per share for loss attributable to the owners of the Company for the three months ended 31 March 2014 and 2013 was the same as basic loss per share because the impact of the exercise of the share options, warrants and convertible bonds is anti-dilutive.

7. DIVIDEND

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2014 (2013: Nil).

8. UNAUDITED CONSOLIDATION STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company												
	Share capital	Share premium	Special reserve	Contributed surplus	Properties revaluation reserve	Translation reserve	Share option reserve	Convertible bond equity reserve	Warrant reserve	Retained Earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
As at 1 January 2013	40,562	412,074	1,000	78,791	-	1,777	26,229	-	-	11,061	571,494	222,321	793,815
Loss for the period	-	-	-	-	-	-	-	-	-	(4,637)	(4,637)	(1,789)	(6,426)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	644	-	-	-	-	644	622	1,266
As at 31 March 2013	40,562	412,074	1,000	78,791	-	2,421	26,229	-	-	6,424	567,501	221,154	788,655
As at 1 January 2014	41,262	419,132	1,000	78,791	254,556	8,219	26,229	114,466	6,399	(240,636)	709,418	-	709,418
Loss for the period	-	-	-	-	-	-	-	-	-	(30,516)	(30,516)	-	(30,516)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(6,158)	-	-	-	-	(6,158)	-	(6,158)
As at 31 March 2014	41,262	419,132	1,000	78,791	254,556	2,061	26,229	114,466	6,399	(271,152)	672,744	-	672,744

FINANCIAL REVIEW

During the period under review, the Group reported a turnover of approximately HK\$1.8 million, an increase of 6% as compared to the turnover in previous period. The turnover was mainly attributable to the film and artiste management business, while part of the revenue was generated from the business of film studio in the PRC.

Other operating income for the period under review decreased approximately HK\$1.7 million as there have no interest income of Wong Tai Sin Temple in Xiqiao Mountain.

Staff costs for the period under review increased to approximately HK\$4.2 million from approximately HK\$3.4 million in previous period. An increase of approximately HK\$0.8 million in staff costs was mainly due to more staff costs raised from PRC for operates a film shooting base and hotel business.

Finance costs for the period under review increased approximately HK\$20 million due to an interest on convertible bonds and bond was incurred during the period under review.

For the three months ended 31 March 2014, the Group recorded a net loss of HK\$30.5 million as compared to net loss of the comparable period of approximately HK\$6.4 million. The record of loss for the three months ended was mainly due to the increase of finance costs and other operating expenses.

BUSINESS REVIEW

Cinema

National Arts Films Production Limited (“NA Films”), a wholly-owned subsidiary of the Company, collaborated with its joint venture for the development of cinema business in a large shopping mall in a transportation hub area of Zhuhai. NA Films will hold 60% equity interest in the joint venture. The cinema confirmed be operated and the Grand Opening dated on 20th May, 2014. It is expected that the cinema will provide the group with stable income.

Film Shooting Base

The film shooting base is the core project of the Xiqiao National Arts Film Studio and equips with the most excellent and comprehensive ancillary facilities featuring most realistic and delicate details in South China. The construction of the film shooting base is nearly finished, the scheduled opening date for the well constructed area to be expected in July 2014.

Hotel

There will be a 5-star hotel in the film studio. The scheduled opening date expected in June 2014 together with the Film Shooting base. Meanwhile, a boutique hotel is being constructed in progress.

Wedding Photography

The Group reached an agreement with a renowned domestic wedding photography chain group in the last year. The one-stop services wedding base photography is going to be started in the coming July 2014 and herewith some potential customers are dealing at the mean time. The wedding photography company guaranteed there will be at least 28,800 couples to take wedding photos in the scenic spots per year. The annual income of this arrangement will be no less than RMB1,152,000.

ADDITIONAL INFORMATION

SHARE OPTION SCHEMES

Pursuant to a written resolution of the sole shareholder of the Company dated 22 July 2002, the Company conditionally adopted and approved Post-IPO Share Option Scheme. The principal terms of which are set out in Appendix IV to the prospectus of the Company dated 9 October 2002.

Pursuant to a resolution passed by the extraordinary general meeting of the Company dated 29 September 2010, a new share option scheme (the “New Share Option Scheme”) was adopted and the Post-IPO Share Option Scheme was terminated. The principal terms of New Share Option Scheme are set out in the circular of the Company dated 6 September 2010.

Post-IPO Share Option Scheme

As at 31 March 2014, the share options to subscribe for an aggregate of 124,255,233 shares of the Company granted pursuant to the Post-IPO Share Option Scheme were outstanding. The details of the Post-IPO Share Option Scheme as at 31 March 2014 are set out as follows:

Category of participants	Exercise price per share (HK\$)	Date of grant	Number of share options				Outstanding as at 31 March 2014
			As at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	
Directors	0.38	13 May 2010	2,728,947	–	–	–	2,728,947
Directors	0.35	20 May 2010	886,286	–	–	–	886,286
Directors	0.30	29 September 2010	120,640,000	–	–	–	120,640,000
Total			<u>124,255,233</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>124,255,233</u>

New Share Option Scheme

As at 31 March 2014, the share options to subscribe for an aggregate of 104,022,000 shares of the Company granted pursuant to the New Share Option Scheme were outstanding. The details of the New Share Option Scheme as at 31 March 2014 are set out as follows:

Category of participants	Exercise price per share (HK\$)	Date of grant	Number of share options				Outstanding as at 31 March 2014
			As at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	
Directors	0.79	28 March 2011	97,539,240	–	–	–	97,539,240
Directors	0.58	31 March 2012	6,482,760	–	–	–	6,482,760
Total			<u>104,022,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>104,022,000</u>

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part X V of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part X V of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange, were as follows:

1. Long Positions in the shares of the Company

Name of Directors	Capacity/ Nature of interest	Number of shares	Interest in controlled corporation	Total	Approximate percentage of the issued share capital of the Company
(a) The Company (Ordinary shares of HK\$0.01 each)					
Mr. Sin Kwok Lam (<i>Note 1</i>)	Beneficial owner	976,390,000	–	976,390,000	23.66%
	Interest of spouse	33,360,000	–	33,360,000	0.81%
Miss Law Po Yee (<i>Note 1</i>)	Beneficial owner	33,360,000	–	33,360,000	0.81%
	Interest of spouse	976,390,000	–	976,390,000	23.66%

Note 1: Mr. Sin and Miss Law beneficially owned 1,009,750,000 Shares, representing approximately 24.47% of the issued share capital of the Company. By virtue of SFO, Miss Law, the spouse of Mr. Sin, is deemed to be interested in all the Shares in which Mr. Sin is interested.

Note 2: Miss Law is the spouse of Mr. Sin and is deemed to be interested in the Shares in which Mr. Sin is deemed or taken to be interested for the purpose of the SFO.

2. Rights to acquire shares in the Company

i. Post-IPO Share Option Scheme

Details of grantees	Date of grant	Exercise price per share (HK\$)	Exercisable period	Number of share options				Outstanding as at 31 March 2014
				As at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	
Mr. Sin Kwok Lam (Director)	29 September 2010	0.30	29 September 2010 to 2 September 2020	76,800,000	–	–	–	76,800,000
Miss Law Po Yee (Director)	29 September 2010	0.30	29 September 2010 to 2 September 2020	38,400,000	–	–	–	38,400,000
Mr. Lam Kwok Hing Wilfred (Director)	13 May 2010	0.38	13 May 2010 to 12 May 2020	2,407,894	–	–	–	2,407,894
	29 September 2010	0.30	29 September 2010 to 2 September 2020	5,200,000	–	–	–	5,200,000
Mr. Chow Kai Weng (Director)	29 September 2010	0.30	29 September 2010 to 2 September 2020	240,000	–	–	–	240,000
Mr. Li Sin Hung Maxim (Director)	20 May 2010	0.35	20 May 2010 to 19 May 2020	241,714	–	–	–	241,714
Mr. Chui Chi Yun, Robert (Director)	13 May 2010	0.38	13 May 2010 to 12 May 2020	321,053	–	–	–	321,053
Mr. Chan Tin Lup, Trevor (Director)	20 May 2010	0.35	20 May 2010 to 19 May 2020	322,286	–	–	–	322,286
Prof. Wong Lung Tak, Patrick (Director)	20 May 2010	0.35	20 May 2010 to 19 May 2020	322,286	–	–	–	322,286

ii. New Share Option Scheme

Details of grantees	Date of grant	Exercise price per share (HK\$)	Exercisable period	Number of share options				Outstanding as at 31 March 2014
				As at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	
Mr. Sin Kwok Lam (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	32,405,063	–	–	–	32,405,063
	31 March 2012	0.58	31 March 2012 to 30 March 2017	1,296,552	–	–	–	1,296,552
Miss Law Po Yee (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	32,405,063	–	–	–	32,405,063
	31 March 2012	0.58	31 March 2012 to 30 March 2017	1,296,552	–	–	–	1,296,552
Mr. Lam Kwok Hing Wilfred (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	18,146,834	–	–	–	18,146,834
	31 March 2012	0.58	31 March 2012 to 30 March 2017	648,276	–	–	–	648,276
Mr. Chow Kai Weng (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	567,089	–	–	–	567,089
	31 March 2012	0.58	31 March 2012 to 30 March 2017	648,276	–	–	–	648,276
Miss Sin Ho Yee (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	12,962,025	–	–	–	12,962,025
	31 March 2012	0.58	31 March 2012 to 30 March 2017	486,207	–	–	–	486,207
Mr. Li Sin Hung Maxim (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	81,013	–	–	–	81,013
	31 March 2012	0.58	31 March 2012 to 30 March 2017	162,069	–	–	–	162,069
Mr. Chui Chi Yun, Robert (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	324,051	–	–	–	324,051
	31 March 2012	0.58	31 March 2012 to 30 March 2017	648,276	–	–	–	648,276
Mr. Chan Tin Lup, Trevor (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	324,051	–	–	–	324,051
	31 March 2012	0.58	31 March 2012 to 30 March 2017	648,276	–	–	–	648,276
Prof. Wong Lung Tak, Patrick (Director)	28 March 2011	0.79	28 March 2012 to 27 March 2021	324,051	–	–	–	324,051
	31 March 2012	0.58	31 March 2012 to 30 March 2017	648,276	–	–	–	648,276

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 March 2014, the persons or corporations, other than a director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO or had otherwise been notified to the Company were as follows:

1. Long Positions in the shares of the Company

Name of shareholders	Capacity	No. of shares held	Approximate percentage of the issued share capital of the Company
Tse Young Lai	Beneficial owner	805,068,000	19.51%

EMPLOYEE & REMUNERATION POLICY

The director of the board (the “Directors”) believe that the quality of its employees is the most important factor in sustaining the Group’s growth and improving its profitability. The Group’s remunerates its employees based as their performances, experience and prevailing industry practices. In addition to basic salaries and mandatory provident fund, staff benefits including medical coverage scheme and share options are offered.

The Group has not experienced any significant problems with its employees or disruption to its operation due to labour disputes nor has it experienced any difficulties in the recruitment and retirement of experienced staff. The Directors believe that the Group has a good working relationship with its employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the three months ended 31 March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPETING INTERESTS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any interest, whether directly or indirectly, in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in 2002 with written terms of reference, which deal clearly with its authorities and duties. The primary duties of the Audit Committee are to review the Company’s annual reports and financial statements, interim reports and quarterly reports and discuss with the management over issues relating to auditing, internal control and financial reporting. The Audit Committee now comprises three Independent Non-executive Directors, namely Mr. Chui Chi Yun, Robert (Chairman), Mr. Chan Tin Lup, Trevor and Prof. Wong Lung Tak, Patrick.

The Group's unaudited results for the three months ended 31 March 2014 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices and procedures with an aim to maximizing the shareholders' interests as well as to enhancing the stakeholders' transparency and accountability. In this respect, the Company has complied with all of the code provisions set out in the Code on Corporate Governance contained in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2014.

The Company has prepared a corporate governance report in accordance with Rule 18.44(2) of the GEM Listing Rules attached to the 2013 annual report of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the three months ended 31 March 2014.

On behalf of the Board
**National Arts Entertainment and
Culture Group Limited**
Law Po Yee

Vice Chairperson, Executive Director and Chief Executive Officer

Hong Kong, 12 May 2014

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

Chairman and Non-executive Director:

Mr. Sin Kwok Lam

Vice Chairperson, Executive Director and Chief Executive Officer:

Miss Law Po Yee

Vice Chairman and Non-executive Director:

Mr. Lam Kwok Hing Wilfred

Executive Directors:

Mr. Chow Kai Weng

Miss Sin Ho Yee

Non-executive Director:

Mr. Li Sin Hung Maxim

Independent Non-executive Directors:

Mr. Chan Tin Lup Trevor

Mr. Chui Chi Yun Robert

Prof. Wong Lung Tak Patrick

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at www.nationalarts.hk/announcements.