

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stock broker, or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in National Arts Entertainment and Culture Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stock broker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



# 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)**

## PROPOSED CAPITAL REORGANISATION AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company (the “SGM”) to be held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 14 September 2021 at 3:30 p.m. is set out on page 16 to 20 of this circular. Whether or not you intend to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible and in any event by 3:30 p.m. on Sunday, 12 September 2021 or not less than 48 hours before the time scheduled for the adjourned SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish. In such an event, the form of proxy submitted by you shall be deemed to be revoked.

This circular will remain on the “Latest Company Announcement” page of the website of GEM at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the “Investor Relations” page of the Company’s website at [www.nationalarts.hk](http://www.nationalarts.hk).

### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, precautionary measures will be implemented at the SGM, including:

- (1) Compulsory body temperature screening/checks
- (2) Wearing of surgical face mask for each attendee
- (3) No provision of refreshments, drinks or souvenirs
- (4) Any person who has travelled outside Hong Kong within 14 days immediately before the SGM or has close contact with any person under quarantine will not be permitted to attend the SGM. A Health Declaration Form will be provided to every attendee for completion at the entrance of the SGM venue. Every attendee will have to submit a completed and signed Health Declaration Form prior to entry into the SGM venue.

Attendees who do not comply with the precautionary measures may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.**

---

## CHARACTERISTICS OF GEM

---

### Characteristics of GEM of The Stock Exchange of Hong Kong Limited

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1-3
<b>EXPECTED TIMETABLE</b> .....	4-5
<b>LETTER FROM THE BOARD</b> .....	6-15
<b>NOTICE OF THE SGM</b> .....	16-20

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Board”	the board of Directors;
“Business Day”	a day on which the Stock Exchange is open for business to deal in securities;
“Bye-laws”	the bye-laws of the Company from time to time;
“Capital Reduction”	the proposed reduction (i) of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation by way of cancellation; (ii) of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01; and (iii) of the authorised share capital of the Company by reducing the par value of all unissued Consolidated Shares from HK\$1.00 each to HK\$0.01 each;
“Capital Reorganisation”	the proposed capital reorganization of the share capital of the Company involving (i) the Share Consolidation and, (ii) the Capital Reduction in any manner permitted by the Companies Act and the Bye-laws;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time;
“Companies Act”	the Companies Act 1981 of Bermuda;
“Company”	National Arts Entertainment and Culture Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8228);

---

## DEFINITIONS

---

“Consolidated Share(s)”	ordinary share(s) of par value of HK\$1.00 each in the share capital of the Company upon the Share Consolidation becoming effective, but before the Capital Reduction becomes effective;
“Contributed Surplus Account”	the contributed surplus account of the Company;
“Director(s)”	the director(s) of the Company;
“Effective Date”	the date on which the Capital Reorganisation shall become effective, being the second Business Day immediately after the date of the SGM;
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company before to the Capital Reorganisation becoming effective;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	17 August 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“New Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reduction becoming effective;

---

## DEFINITIONS

---

“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be;
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK\$1.00 each;
“Shareholder(s)”	holder(s) of the Share(s);
“SGM”	the special general meeting of the Company convened to be held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 14 September 2021 at 3:30 p.m. to consider and, if appropriate, to approve the Capital Reorganisation;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

---

## EXPECTED TIMETABLE

---

*The expected timetable for the proposed Capital Reorganisation is set out below. The expected timetable is subject to the satisfaction of all the conditions of the proposed Capital Reorganisation and is therefore for indicative purposes only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.*

<b>Event</b>	<b>2021 (Hong Kong time)</b>
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the SGM . . . . .	4:30 p.m. on Tuesday, 7 September
Closure of register of members of the Company to determine the entitlement to attend and vote at the SGM (both days inclusive) . . . . .	Wednesday, 8 September to Tuesday, 14 September
Latest date and time for lodging the proxy forms for the SGM . . . . .	3:30 p.m. on Sunday, 12 September
Expected date and time of the SGM . . . . .	3:30 p.m. on Tuesday, 14 September
Publication of announcement of voting results of the SGM . . . . .	Tuesday, 14 September

**The following events are conditional upon the fulfilment of the conditions for the implementation of the Capital Reorganisation:**

<b>Event</b>	<b>2021 (Hong Kong time)</b>
Effective date of the Capital Reorganisation . . . . .	Thursday, 16 September
First day for free exchange of existing share certificates for new share certificates for the New Shares . . . . .	Thursday, 16 September
Dealing in the New Shares commences . . . . .	9:00 a.m. on Thursday, 16 September
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares temporarily closes . . . . .	9:00 a.m. on Thursday, 16 September

---

## EXPECTED TIMETABLE

---

Event	2021 (Hong Kong time)
Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Thursday, 16 September
Original counter for trading in the New Shares in board lots of 20,000 New Shares (in the form of new share certificates) re-opens . . . . .	9:00 a.m. on Monday, 4 October
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Monday, 4 October
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares . . . . .	9:00 a.m. on Monday, 4 October
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares . . . . .	4:00 p.m. on Monday, 25 October
Temporary counter for trading in the New Shares in board lots of 2,000 New Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Monday, 25 October
Parallel trading in the New Shares (in form of new share certificates and existing share certificates) ends . . . . .	4:10 p.m. on Monday, 25 October
Latest time for free exchange of existing share certificates for new share certificates for the New Shares . . . . .	4:00 p.m. on Wednesday, 27 October



---

LETTER FROM THE BOARD

---



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)**

*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

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Room 1514-15, 15/F.

Seapower Tower, Concordia Plaza,

No. 1 Science Museum Road

Tsim Sha Tsui, H.K.

20 August 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 11 May 2021 and 19 July 2021 in relation to the Capital Reorganisation.

The purpose of this circular is to provide you with information regarding, among other things, the Capital Reorganisation and the notice of the SGM.

---

## LETTER FROM THE BOARD

---

### PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises the following:

#### (1) Share Consolidation

The proposed Share Consolidation is on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.10 each in the share capital of the Company is consolidated into one (1) Consolidated Share of par value of HK\$1.00 each.

Where applicable, the total number of 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. Assuming there is no other change in the issued share capital of the Company before the Effective Date, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be 832,386,836 Consolidated Shares after cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

#### (2) Capital Reduction

Assuming there is no other change in the issued share capital of the Company before the Effective Date, immediately upon the Share Consolidation becoming effective, the share capital of the Company will be reduced whereby:

- (i) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled;
- (ii) the issued share capital of the Company of HK\$832,386,836 divided into 832,386,836 Consolidated Shares shall be reduced to HK\$8,323,868.36 divided into 832,386,836 New Shares by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01;

---

## LETTER FROM THE BOARD

---

- (iii) the credit arising from the Capital Reduction in the amount of approximately HK\$824,062,967.64 will be credited to the Contributed Surplus Account up to the Effective Date within the meaning of the Companies Act for use by the Directors in any manner permitted by the Companies Act and the Bye-laws; and
- (iv) the authorised share capital of the Company of HK\$2,000,000,000 divided into 2,000,000,000 Consolidated Shares shall be reduced to HK\$20,000,000 divided into 2,000,000,000 New Shares by reducing the par value of all unissued Consolidated Shares from HK\$1.00 each to HK\$0.01 each.

### **Effects of the Capital Reorganisation and status of the New Shares**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 shares of par value of HK\$0.10 each, of which 8,323,868,369 Existing Shares have been issued.

Upon the Capital Reorganisation becoming effective and assuming that there is no charge in the issued share capital of the Company from the Latest Practicable Date until the Effective Date, the authorised share capital of the Company will be HK\$20,000,000 divided into 2,000,000,000 New Shares, of which 832,386,836 New Shares will be in issue.

The aggregate par value of issued share capital of the Company will be HK\$8,323,868.36 (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Effective Date).

Based on the 8,323,868,369 Existing Shares in issue as at the Latest Practicable Date, a credit of approximately HK\$824,062,967.64 will arise as a result of the Capital Reduction. Shareholders and potential investors of the Company should note that the credit arising in the books from the Capital Reorganisation will be subject to change depending on the number of Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Upon the Capital Reorganisation becoming effective, the New Shares shall rank *pari passu* in all respects with each other. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders as a whole, save for any fractional New Share which may arise.

---

## LETTER FROM THE BOARD

---

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be as follows:

	<b>As at the Latest Practicable Date</b>	<b>Immediately after the Share Consolidation becoming effective</b>	<b>Immediately after the Share Consolidation and Capital Reduction becoming effective</b>
<b>Authorised share capital</b>	HK\$2,000,000,000	HK\$2,000,000,000	HK\$20,000,000
<b>Par value per Share</b>	HK\$0.10 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Share
<b>Number of authorized Shares</b>	20,000,000,000 Existing Shares	2,000,000,000 Consolidated Shares	2,000,000,000 New Shares
<b>Amount of issued Shares</b>	HK\$832,386,836	HK\$832,386,836	HK\$8,323,868.36
<b>Number of issued Shares</b>	8,323,868,369 Existing Shares	832,386,836 Consolidated Shares	832,386,836 New Shares

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (i) the passing of the ordinary and special resolutions (as the case may be) by the Shareholders to approve the Capital Reorganisation at the SGM;
- (ii) the GEM Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (iii) the compliance with the relevant procedures and requirements under the GEM Listing Rules and the and section 46(2) and Section 66(5) of the Companies Act in respect of the Capital Reduction; and
- (iv) all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation having been obtained.

---

## LETTER FROM THE BOARD

---

The requirements of the Companies Act include (i) the publication of a notice of the Capital Reduction in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the date on which the Capital Reduction is to take effect; and (ii) that on the date on which the Capital Reduction is to be effected, 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 become due. The Companies Act also requires the publication of a notice of the closure of the register of members of the Company in an appointed newspaper in Bermuda and that such closure may not exceed 30 days.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

Subject to the fulfilment of the above conditions, the Capital Reorganisation will become effective on Thursday, 16 September 2021, which is the second Business Day immediately after the date of the SGM.

### **Listing Application**

An application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the New Shares to be in issue upon the Capital Reorganisation becoming effective.

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

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other in accordance with the Bye-laws as to all future dividends and distributions which are to be declared, made or paid.

None of the Existing Shares are listed or dealt in on another stock exchanges other than the Stock Exchange. None of any other equity or debt securities of the Company are listed or dealt in on another stock exchanges, and at the time when the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

---

## LETTER FROM THE BOARD

---

### **Fractional Entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificate held by such holder.

### **Matching services for odd lot holdings**

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, the Company has appointed BloomYears Limited to provide matching service, on a best efforts 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 9:00 a.m. on Monday, 4 October 2021 to 4:00 p.m. on Monday, 25 October 2021 (both days inclusive). Shareholders who wish to take advantage of this facility should contact Mr. Patrick Lin of BloomYears Limited at 20/F., Yue On Commercial Building, 385-387 Lockhart Road, Wanchai, Hong Kong or at telephone number (852) 2524 0668 during office hours from 9:00 a.m. to 5:00 p.m. of such period.

Shareholders holding odd lots of the New Shares 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.

Please refer to the paragraph headed “Expected Timetable” on pages 4 to 5 of this circular for the period during which the Company will provide matching service for the sale and purchase of odd lots of the New Shares.

**Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Capital Reorganisation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

### **Exchange of Certificates for New Shares**

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Thursday, 16 September 2021, being the second Business Day immediately after the date of the SGM, the Shareholders may on or after Thursday, 16 September 2021 and until Wednesday, 27 October 2021 (both days inclusive), submit their existing share certificates for the Existing Shares (in the colour of light yellow) to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, during business hours to exchange for new share certificates for the New Shares (in the colour of light blue) at the expense of the Company.

---

## LETTER FROM THE BOARD

---

Thereafter, share certificates for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of share certificates cancelled or issued is higher.

Subject to and upon the Capital Reorganisation becoming effective, after 4:10 p.m. on Monday, 25 October 2021, trading will only be in the New Shares. Share certificates for the Existing Shares will continue to remain good evidence of legal title and may be exchanged for share certificates for the New Shares at any time but will not be accepted for delivery, trading, settlement, and registration purposes.

### **Adjustments in relation to Other Securities of the Company**

As at the Latest Practicable Date, save for (i) the warrants entitling the holder thereof to subscribe for 383,000,000 Existing Shares upon their full exercise (details of which are set out in the circular of the Company dated 11 September 2020) (“**Outstanding Warrants**”); (ii) the convertible bonds in the aggregate principal amount of HK\$1,244,876,198 which can be converted into 2,263,411,269 Existing Shares at the conversion price of HK\$0.55 per conversion share (“**Outstanding CB 1**”) and (iii) the convertible bonds in the aggregate principal amount of HK\$25,000,000 which can be converted into 250,000,000 Existing Shares at the conversion price of HK\$0.10 per conversion share (“**Outstanding CB 2**”), the Company has no outstanding derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or New Shares, as at the Latest Practicable Date.

The Capital Reorganisation will cause adjustments to be made to the exercise prices and/or the number of the Outstanding Warrants, the Outstanding CB 1 and the Outstanding CB 2. The Company will engage an independent financial adviser or the auditors of the Company to certify the adjustments to the Outstanding Warrants, the Outstanding CB 1 and the Outstanding CB 2 and will inform the holders of the Outstanding Warrants, the Outstanding CB 1 and the Outstanding CB 2 of the adjustments accordingly. Upon the Capital Reorganisation becoming effective, (1) the Outstanding Warrants will entitle the holders thereof to subscribe for 38,300,000 New Shares; (2) the Outstanding CB 1 will entitle the holders thereof to subscribe for 226,341,126 New Shares; and (3) the Outstanding CB 2 will entitle the holders thereof to subscribe for 25,000,000 New Shares.

---

## LETTER FROM THE BOARD

---

### REASONS FOR AND BENEFITS OF THE CAPITAL REORGANISATION

Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, 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 updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Existing Shares were trading not exceeding HK\$0.10 and a board lot of the Existing Shares has been traded below HK\$2,000 for all times during the past 4 months. The Board considers that the proposed Capital Reorganisation will allow the value of each board lot to be increased to more than HK\$2,000 and enable the Company to avoid the occurrence of non-compliance with the trading requirements under the GEM Listing Rules. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$1.00 per Consolidated Share. Under the Companies Act and pursuant to the Bye-laws, the Company shall not issue any shares at a price below par value. The Capital Reduction will keep the par value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of further new Shares in the future when necessary.

Further, the Capital Reorganisation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction fee for each securities trade. It is also hoped that the Capital Reorganisation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company.

In view of the above reasons, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole, notwithstanding the potential costs and the impact arising from the creation of odd lots to the Shareholders.



---

## LETTER FROM THE BOARD

---

### WARNING

**Shareholders and potential investors should be aware of and take note that the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions for the Capital Reorganisation” in this circular. Accordingly, the Capital Reorganisation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

### SGM

The notice of the SGM is set out on pages 16 to 20 of this circular, and the SGM will be convened and held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 14 September 2021 at 3:30 p.m. in which an ordinary resolution and a special resolution will be proposed to approve the Capital Reorganisation.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Capital Reorganisation. As such, no Shareholder is required to abstain from voting for the resolution to approve the Capital Reorganisation at the SGM.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all resolutions set out in the notice of SGM will be voted on by way of poll.

To ascertain the Shareholders’ entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 8 September 2021 to Tuesday, 14 September 2021, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for the entitlement to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Tuesday, 7 September 2021.

As at the Latest Practicable Date, none of the Directors, the substantial Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the businesses of the Group, or has or may have any other conflict of interests with Group.

---

## LETTER FROM THE BOARD

---

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-emeeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event by 3:30 p.m. on Sunday, 12 September 2021 or not less than 48 hours before the time scheduled for any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting thereof should you so wish, and in such case, the form of proxy submitted by you shall be deemed to be revoked.

### RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

### RECOMMENDATION

The Directors are of the opinion that the proposed Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

### GENERAL

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Your faithfully,

On behalf of the Board

**National Arts Entertainment and Culture Group Limited**

*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

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

**Chow Kai Weng**

*Chairman, Executive Director and Chief Executive Officer*

---

## NOTICE OF THE SGM

---



*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

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

**(Stock Code: 8228)**

### **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “**SGM**”) of National Arts Entertainment and Culture Group Limited (the “**Company**”) will be held at Portion 2, 12th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 14 September 2021 at 3:30 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions of the Company:

#### **ORDINARY RESOLUTION**

1. “**THAT** subject to and conditional upon, among other things, the granting by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated Shares (as defined below) to be in issue upon the Share Consolidation (as defined below) becoming effective and any Consolidated Share which may fall to be issued after the Share Consolidation becoming effective:
  - (a) every ten (10) issued and unissued shares of HK\$0.10 each in the share capital of the Company (the “**Existing Shares**”) be and are hereby consolidated into one (1) consolidated share of par value of HK\$1.00 (the “**Consolidated Shares**”) such that the authorised share capital of the Company will be changed from HK\$2,000,000,000 divided into 20,000,000,000 Existing Shares of par value of HK\$0.10 each to HK\$2,000,000,000 divided into 2,000,000,000 Consolidated Shares of par value of HK\$1.00 each (the “**Share Consolidation**”);

---

## NOTICE OF THE SGM

---

- (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company in such manner and on such terms as the directors of the Company (the “**Directors**”) may think fit; and
- (c) the board of Directors (the “**Board**”) be and is hereby authorized to do all such acts and things and execute all such documents, including under seal where applicable, as it considers necessary, desirable or expedient to give effect to Share Consolidation and the transactions contemplated thereunder.”

### SPECIAL RESOLUTION

- 2. “**THAT**, subject to and conditional upon: (i) the passing of resolution numbered 1 set out above; (ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the New Shares (as defined below); and (iii) compliance with section 46(2) and Section 66(5) of the Companies Act 1981 of Bermuda (as amended) in effect from time to time (the “**Companies Act**”) to effect the Capital Reduction (as defined below), with effect from the second business day after the date on which this resolution is passed by the shareholders of the Company (“**Effective Date**”):
  - (a) the issued share capital of the Company of HK\$832,386,836 divided into 832,386,836 Consolidated Shares shall be reduced to HK\$8,323,868.36 divided into 832,386,836 ordinary shares of the Company of HK\$0.01 each in the share capital of the Company (“**New Shares**”) by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01 (“**Capital Reduction**”);
  - (b) the credit arising from the Capital Reduction in the amount of approximately HK\$824,062,967.64 will be credited to the contributed surplus account of the Company up to the Effective Date within the meaning of the Companies Act for use by the Directors in any manner permitted by the Companies Act and the by-laws of the Company; and
  - (c) the authorised share capital of the Company of HK\$2,000,000,000 divided into 2,000,000,000 Consolidated Shares shall be reduced to HK\$20,000,000 divided into 2,000,000,000 New Shares by reducing the par value of all unissued Consolidated Shares from HK\$1.00 each to HK0.01 each.

---

## NOTICE OF THE SGM

---

- (d) the Board be and is hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under seal where applicable, as it considers necessary, desirable or expedient to give effect to any or all of the foregoing, including, without limitation, to aggregate, sell and retain for the benefit of the Company all fractional New Shares to which each shareholders of the Company is otherwise entitled.”

Your faithfully,

On behalf of the Board

**National Arts Entertainment and Culture Group Limited**

*(Provisional Liquidators Appointed)*

*(For Restructuring Purposes)*

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

**Chow Kai Weng**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 20 August 2021

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*

Room 1514-15, 15/F.  
Seapower Tower, Concordia Plaza  
No.1 Science Museum Road  
Tsim Sha Tsui, HK

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more shares may appoint more than one proxy(ies) to represent him/her/it and vote on his/her/its behalf. A proxy need not to be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event by 3:30 p.m. on Sunday, 12 September 2021 or not less than 48 hours before the time appointed for the adjourned SGM.

---

## NOTICE OF THE SGM

---

3. To ascertain the shareholders' entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 8 September 2021 to Tuesday, 14 September 2021, both days inclusive, during which no transfer of Shares will be effected. In order to qualify for the entitlement to attend and vote at the SGM, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Tuesday, 7 September 2021.
4. Completion and delivery of a form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the SGM, and in such event, such form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy, in respect of such shares as if he/she/it was solely entitled thereto; but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.
6. A form of proxy for use at the SGM is attached herewith.
7. Any voting at the SGM shall be taken by poll.
8. The form of proxy shall be signed by the shareholder of the Company or his/her attorney duly authorised in writing or, in the case of a corporation, must be either executed under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
9. Unless otherwise announced by the Company, the Meeting will be held as scheduled even when Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force on the date of the Meeting.

Shareholders should decide on their own whether they would attend the Meeting under bad weather conditions bearing in mind their own situations and if they do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises the following Directors:

*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

---

## NOTICE OF THE SGM

---

*This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock 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 the information contained in this notice 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 notice misleading.*

*This notice will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the “Investor Relations” page of the Company’s website at [www.nationalarts.hk](http://www.nationalarts.hk).*