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National Arts Group Holdings Limited
國藝集團控股有限公司

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

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

(Stock Code: 8228)

VOLUNTARY ANNOUNCEMENT

**LETTER OF COOPERATION IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

This announcement was made by the Company on a voluntary basis.

**LETTER OF COOPERATION ON THE ESTABLISHMENT OF A JOINT VENTURE
COMPANY**

On 22 February 2022, the Company entered into a letter of cooperation (the “**LOC**”) with First Bullion and National Treasure whereby the parties agreed to establish a new joint venture company (“**JV Company**”) engaging in the development of virtual reality business.

Under the LOC, the Company, First Bullion and National Treasure will respectively own 40%, 30% and 30% equity interest in the JV Company. The board of directors of the JV Company will consist of three directors and each shareholder has the right to nominate one director.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY

The Company is principally engaged in investment holdings. The Group is principally engaged in film production and distribution, the provision of management services to artistes, event coordination, provision of travel related products and operations of film studio and hotels. The Group has a film-making studio at Xi Qiao Shan, Nanhai District, Guangdong Province, the PRC (the “**Studio**”) with a total area of approximately 667,000 square meters.

First Bullion is principally engaged in the provision of digital assets listing, trading and management services. It established Cryptosx, a digital assets exchange portal, in 2018 and is licensed in the Philippines by Cagayan Economic Zone Authority (“CEZA”) to conduct Financial Technology Solutions and Offshore Virtual Currency Exchange (“FTSOVC”) business activities, including the authority to approve and endorse security token offerings, operation of digital assets exchanges as well as the provision of digital assets wealth management services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, First Bullion is an Independent Third Party.

National Treasure is principally engaged in the provision of artists management and production of entertainment programs of all kinds including but not limiting to broadcasting, music, movies, shows and exhibitions online and offline. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, National Treasure is an Independent Third Party.

According to the LOC, the JV Company will be established for the development of a virtual reality environment based on the scenery of the Studio with both online and offline operations. For online operation, the JV Company will arrange music contexts, talent quests, production of movie clips, music concerts, for players, in principle, along the line of a dream making studio. Also, Metaverse will provide shopping and market place for the players’ products. For offline operation, the JV Company will organize singing, acting, movie making and martial arts training to enable players to do what one intend to actualise in the Metaverse. Also the JV Company will facilitate an e-commerce platform to sell the players’ commodities on the virtual mall including on/off shore payment gateways and goods delivery. Blockchain technology and non-fungible token (“NFT”) will be applied in the above business model and will be supported by First Bullion. National Treasure will provide the design and arts direction for virtual reality environment and the creation of virtual artists in such environment. The Board considers that, if the above business plan could be materialized, this would enable the Group to expand its development in the virtual reality and even Metaverse businesses.

Should any legally binding agreement on the establishment of the JV Company to be entered into between the parties constitute a notifiable transaction for the Company under the GEM Listing Rules, further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

The Board would like to remind that, as at the date of this announcement, no legally binding agreement on the establishment of the JV Company has been entered into. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	National Arts Group Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8228)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“First Bullion”	First Bullion Holdings Inc, a limited liability company incorporated in the British Virgin Islands
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is third party independent of the Company and connected persons of the Company
“JV Company”	the joint venture company to be established in Hong Kong engaging in development of virtual reality business
“Metaverse”	a network of 3D virtual worlds focused on social connection
“National Treasure”	National Treasure Management Limited (國寶文娛有限公司), a limited liability company incorporated in Hong Kong

“PRC”	the People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
National Arts Group Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Chow Kai Weng

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 22 February 2022

As at the date of this announcement, the executive Directors are Mr. Chow Kai Weng (Chairman and Chief Executive Officer), Mr. Cheng Wang Chun and Mr. Ho Leung Ting, the non-executive Director is Dr. Lam Lee G. and the independent non-executive Directors are Mr. Chui Chi Yun Robert, Mr. Li Kit Chee and 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 Stock Exchange’s website at www.hkexnews.hk and on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.nationalarts.hk.