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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)**

### **INSIDE INFORMATION WINDING UP PETITION**

This announcement is made by National Arts Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 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 under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Pursuant to the bond instrument dated 7 October 2020, the Company issued to the bondholder (the “**Petitioner**”) the bonds in the principal amount of US\$500,000 with a coupon rate of 0.1% (the “**Bonds**”).

It was recently came to the notice of the board (the “**Board**”) of the directors of the Company that on 28 October 2022, the Petitioner filed a winding-up petition (the “**Petition**”) in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**Hong Kong High Court**”) for the winding-up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Companies (WUMP) Ordinance**”). The Petition is relating to the outstanding amount of US\$500,500 in aggregate under the Bonds (comprising the outstanding principal of the Bonds in the amount of US\$500,000 and the accrued interest in the amount of US\$500) and will be heard on 4 January 2023.

## **EFFECTS OF THE PETITION**

Pursuant to section 182 of the Companies (WUMP) Ordinance, any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company after the commencement date of the winding up, namely the date of the presentation of the Petition (i.e. 28 October 2022), shall be void as a matter of Hong Kong law unless a validation order is obtained from the Hong Kong High Court. Any disposition made on or after 28 October 2022 will not be affected if the Petition is subsequently struck out, dismissed or permanently stayed, and hence the board of directors of the Company wishes to remind its shareholders and potential investors that, the transfer of the shares in the Company made on or after 28 October 2022 would be void without a validation order from the Hong Kong High Court in the event that the Company is ultimately wound up. Pursuant to the circular dated 28 December 2016 issued by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) in relation to the transfer of the shares of listed issuers after a winding up petition has been presented, and in view of the restrictions and the uncertainties that may arise in relation to the transfer of shares of the Company, for participant(s) who conduct share transfers through HKSCC (the “**Participant(s)**”), HKSCC may at any time, and without notice, exercise its powers under the General Rules of Central Clearing and Settlement System (“**CCASS**”) to temporarily suspend any of its services in respect of shares of the Company, including the suspension of acceptance of deposits of share certificates of the Company into CCASS. The share certificates of the Company received by HKSCC but not yet re-registered in HKSCC Nominee Limited’s name will also be returned to the relevant Participant and HKSCC shall reserve the right to reverse any credit granted to such Participant by debiting the relevant securities from its CCASS account accordingly. These measures would generally cease to apply from the date when the winding up petition has been struck out, dismissed or permanently stayed, or the Company has obtained the necessary validation order from the Hong Kong High Court.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

## **THE BOARD SEEKING WAYS TO SUSTAIN THE OPERATION OF THE GROUP**

During June 2019, the Company started the financial restructuring. Meanwhile, the economy was affected by a social movement took place in Hong Kong that lasted for almost six months. It increased the difficulty to fund raising or find new investors in China and overseas.

Since 24 January 2020, the operation of the National Arts Resort Hotel (the “**Hotel**”) and the Xiqiao National Arts Film Studio (the “**Studio**”) was suspended few times on and off due to the implementation of pandemic preventions. The pandemic of COVID-19 broke out several times in China and the on and off suspension has big impact towards our business. Even though in resumption period, the pandemic preventions imposed by FoShan Government still severely affected the whole travel industry. No traveler from oversea or other provinces would visit the Studio or the Hotel due to the quarantine measures. The pandemic preventions also restricted the size of film shooting, which hugely decreased the income from film shooting business. Also, no more festival events could be held in the Studio due to the social distance control. The whole travel industry could hardly survive under the pandemic preventions.

Furthermore, the Hotel has been designated as a quarantine hotel by the Foshan Government since September 2020. The Company has no choice but doing the best efforts to maintain breakeven of the Hotel.

Since the pandemic of COVID-19, the worldwide economy has been severely affected. The economy in Hong Kong and China has still yet to recover. Travel sector is the main business operation of the Company, which was affected the most during the pandemic. The on and off suspension of the Studio and the Hotel resulting a major impact on the income. The Board then actively sought various ways to raise funds to meet the operational needs of the Group:

13 March 2020 – In order to back up the financial restructuring, the Company looked for an investor and entered into an agreement with a private equity investment company based in the Europe (the “**Europe Investor**”). The Europe Investor has agreed to grant the Company the Option to require the Europe Investor to subscribe for the Option Shares up to HK\$2,350,000,000 in value of the Company and the Company has agreed to issue the Warrants to the Europe Investor. However, due to the non-compromise of the commercial terms, the agreement was terminated.

29 June 2020 – The financial restructuring was completed.

29 July 2020 – In order to diversify the business, the Company proposed to make a possible conditional voluntary share exchange offer to fully acquire Convoy Global Holdings Limited. The Board has been discussed with the board of directors of Convoy regarding the possibility of the offer and the way of exchanging resource. However, on 15 March 2021, the Company withdrew the proposed offer as The Stock Exchange of Hong Kong Limited do not agree with the transaction.

August 2020 – the Company was developing new business of digital commerce to diversify the business operation. The new business has provided the Company with new income stream where the impact of COVID-19 pandemic is less significant.

1 January 2021 – In order to reduce impact of the COVID-19 pandemic on the Company’s business and minimize the operating costs of the Company, part of the operations of the Studio and the Hotel has been outsourced. Outsourcing not only reduce the operating costs, it also allows the Company to focus on expanding and developing in the new business streams.

From January 2021 to March 2021 – In order to further the horizontal development of the Company’s hotel operation in oversea market, the Company acquired a holding company which holds 26 services apartments in Malaysia, by issue of 900,000,000 new shares at the issue price of HK\$0.10 each under general mandate. However, due to the pandemic of COIVD-19, the property market also experienced a downturn as a result the apartments were hardly to sell.

17 April 2021 – The Company entered into a binding letter of intent with L’Officiel, which is a global leading media company. The Company plans to diversify its business into media sector. However, due to the non-compromise of the due diligence, the transaction was terminated.

May 2021 – The Company issued a convertible bond of a principal amount of HK\$25 million to the Europe Investor. Although the offer of Option Shares in March 2020 was terminated, the Company still sought for an alternative to replace the option shares.

10 May 2021 – Since the August of 2020, the Company was developing new businesses of digital commerce. The Company entered into a strategic cooperation agreement with Guangdong International Commodity Exhibition & Trade City Co., Ltd., and established Guangzhou Lingbian Digital Commercial Management Co., Ltd. (the “**Lingbian Digital**”). In the same year, Guangdong Yuantong Commerce Management Co., Ltd., the cooperative operator of the trade city, granted Lingbian Digital the exclusive right to provide digital services for Guangzhou International Commodity Exhibition & Trade City.

November 2021 to February 2022 – In order to further develop the business in Malaysia, the Company acquired a holding company which holds 4 services apartments in Malaysia, by issue of 166,477,367 new shares at issue price of HK\$0.113 each under general mandate. However, due to the pandemic of COIVD-19, the property market also experienced a downturn as a result the apartments were hardly to sell.

November 2021 to April 2022 – Omicron was first found in England on November 2021, and it spread out globally in a short period of time. On February 2022, Omicron severely affected Hong Kong, and the fifth wave of COVID-19 was broke out in Hong Kong. Most of the Government institutions were temporarily closed or the operation time was cut down. The Government also encouraged private companies to implement pandemic preventions to reduce the social interaction. The Company responded by implementing work from home, same as a lot of private companies in Hong Kong. However, the change of working environment delayed several business procedures and significantly impacted the business operation.

13 April 2022 to 15 May 2022 – The pandemic of COVID-19 in China broke out again, and the operation of the Hotel and the Studio was temporarily suspended again due to the implementation of pandemic preventions.

The Board has been using its best endeavour to maintain the operation and business of the Group. However, despite the efforts, the Group is still not able to generate and/or obtain sufficient financial resources to maintain its operation and fully repay its debts given the economy downturn since 2019.

Nevertheless, the Board will make its last efforts to look for investors in order to continue the operation of the Company.

On behalf 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, 18 November 2022

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

*Chairman, Executive Director and Chief Executive Officer:*

Mr. Chow Kai Weng

*Executive Directors:*

Mr. Cheng Wang Chun

Mr. Ho Leung Ting

*Independent Non-executive Directors:*

Mr. Chui Chi Yun Robert

Mr. Li Kit Chee

*This announcement, 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 of Hong Kong Limited 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.*

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