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## JOINT ANNOUNCEMENT

### ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND INSIDE INFORMATION IN RELATION TO A POSSIBLE OFFER FOR CONVOY GLOBAL HOLDINGS LIMITED

AND

### RESUMPTION OF TRADING IN THE SHARES OF NATIONAL ARTS ENTERTAINMENT AND CULTURE GROUP LIMITED

*Financial Adviser to National Arts*



This announcement is made jointly by National Arts Entertainment and Culture Group Limited (“**National Arts**”) and Convoy Global Holdings Limited (“**Convoy**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong (the “**SFC**”), Rule 17.10(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Main Board Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules and the Main Board Listing Rules, respectively) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of National Arts dated 23 June 2020 in relation to the trading halt of its shares (“**National Arts Shares**”) pending the release of an announcement pursuant to the Takeovers Code and the announcement of Convoy dated 29 June 2020 in relation to the release of an announcement pursuant to the Takeovers Code.

## **POSSIBLE OFFER**

On 26 March 2020, the board of directors of National Arts (the “**National Arts Board**”) announced that it was in discussions with certain shareholders of Convoy in relation to a possible acquisition of the issued shares of Convoy (“**Convoy Shares**”) by National Arts in consideration for new National Arts Shares (the “**Possible Share Exchange Transaction**”). The Possible Share Exchange Transaction did not proceed further.

On 22 June 2020, the National Arts Board approached the board of directors of Convoy (the “**Convoy Board**”) about a conditional voluntary share exchange offer by National Arts to acquire all of the issued shares in the share capital of Convoy, subject to fulfilment of certain conditions (the “**Possible Offer**”).

Following the approach, the National Arts Board is now discussing with the Convoy Board further details of the Possible Offer, including how and when the Possible Offer can be made, bearing in mind the financial and other information which would be required to be included in documentation to be sent to shareholders of National Arts and Convoy in relation to the Possible Offer.

Based on the latest published audited accounts of Convoy for the financial year ended 31 December 2016, the National Arts Board expects that the Possible Offer, if it were to proceed, would constitute either a major transaction or a very substantial acquisition for National Arts under Chapter 19 of the GEM Listing Rules. This would involve consent from National Arts’ shareholders and require publication of extensive financial information about Convoy and its subsidiaries which is not currently available.

National Arts and Convoy will publish further announcement(s) regarding the Possible Offer and the transactions contemplated thereunder in compliance with the GEM Listing Rules, the Main Board Listing Rules and the Takeovers Code as and when appropriate.

## **NATIONAL ARTS SHARES TO BE ISSUED TO ITS FINANCIAL ADVISER**

National Arts has appointed Yu Ming Investment Management Limited (“**Yu Ming**”), a licensed corporation to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571), as financial adviser to advise National Arts on the Possible Offer and transactions contemplated thereunder. Yu Ming is wholly-owned by Da Yu Financial Holdings Limited (Stock Code: 1073). Based on the best knowledge and belief of Yu Ming and National Arts, Yu Ming’s ultimate substantial shareholders are third parties independent of National Arts and its connected persons. As at the date of this announcement, Yu Ming is not interested in any of National Arts Shares or Convoy Shares.

To preserve cash resources of National Arts, National Arts proposed to pay Yu Ming its financial advisory fees for the Possible Offer by way of issuing the new National Arts Shares (the “**Fee Shares**”) at the issue price of HK\$0.185, equivalent to the closing price of the National Arts Shares on the last trading date prior to suspension of trading on 23 June 2020. A total of 54,054,054 Fee Shares will be issued to Yu Ming, which amount to HK\$10,000,000.

The number of Fee Shares to be issued to Yu Ming is fixed and is not subject to any further changes. Yu Ming's advisory fee is non-refundable and not contingent upon the status or development of the Possible Offer and transactions contemplated thereunder.

The Fee Shares will rank *pari passu* in all respects with the National Arts Shares in issue as at the date of issuance. The Fee Shares are intended to be allotted and issued under the general mandate granted to National Arts Board on 28 June 2019. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the Fee Shares.

## **RELEVANT SECURITIES IN ISSUE**

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities of

- (i) National Arts in issue comprised (i) 7,103,285,390 National Arts Shares; (ii) 117,299 outstanding share options to subscribe up to 117,299 National Arts Shares; and (iii) convertible bonds in the principal amount of HK\$1,244,876,198 convertible into 2,263,411,269 National Arts Shares.
- (ii) Convoy in issue comprised 14,938,896,000 Convoy Shares.

Saved as disclosed above, each of National Arts and Convoy has no other relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

## **MONTHLY UPDATES**

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Offer will be made by National Arts and Convoy until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer. Further announcement(s) will be made by National Arts and Convoy as and when appropriate or required in accordance with the GEM Listing Rules, the Main Board Listing Rules and/or the Takeovers Code (as the case may be).

## **DISCLOSURE OF DEALINGS**

For the purposes of the Takeovers Code, the offer period has commenced on the date of this announcement.

Associates of each of National Arts and Convoy (as defined under the Takeovers Code and including, among others, persons who own or control 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code)) are hereby reminded to disclose their dealings in the relevant securities of each of National Arts and Convoy under Rule 22 of the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **CONSENT TO EXCLUDE DIRECTORS OF CONVOY FROM THE RESPONSIBILITY STATEMENT**

Pursuant to Rule 9.3 of the Takeovers Code, all documents issued by Convoy in relation to the Possible Offer should state that all directors jointly and severally accept full responsibility for the accuracy of the information contained in the document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in the document misleading.

Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee are executive directors of Convoy, but their duties have been suspended by the Convoy Board since 8 December 2017. While they remain as directors of Convoy and have been notified of all meetings of the Convoy Board, they have not taken part in any board meetings of the Convoy Board since December 2017. Convoy is in litigation with Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee. Given these directors' lack of knowledge about the affairs of Convoy, they could not possibly have the knowledge to accept the responsibility for documents to be issued by Convoy in connection with the Possible Offer. On this basis, Convoy has applied to the Executive, and the Executive has granted consent pursuant to Rule 9.4 of the Takeovers Code to exclude Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee from taking joint and several responsibility for any documents, including this joint announcement, issued or to be issued by Convoy in relation to the Possible Offer.

## RESUMPTION OF TRADING IN NATIONAL ARTS SHARES

Trading in National Arts Shares on the Stock Exchange was suspended from 9.00 a.m. on 23 June 2020 at the request of National Arts pending the release of this announcement and an application has been made to the Stock Exchange for resumption of trading in National Arts Shares with effect from 9.00 a.m. on 30 July 2020.

## CONTINUED SUSPENSION OF TRADING IN CONVOY SHARES

At the request of Convoy, trading in Convoy Shares on the Stock Exchange was halted from 11:04 a.m. on 7 December 2017 (automatically converted to “being suspended” thereafter), and will remain suspended until further notice. Shareholders and potential investors of Convoy should exercise caution when dealing in the Convoy Shares.

**Warning: There is no assurance that the Possible Offer will materialise and the Possible Offer may or may not proceed. Shareholders and potential investors of National Arts and Convoy are advised to exercise caution when dealing in the securities of National Arts and Convoy.**

By order of the National Arts Board

By order of the Convoy Board

**National Arts Entertainment and  
Culture Group Limited**  
*(Provisional Liquidators Appointed)*  
*(For Restructuring Purposes)*

**CONVOY GLOBAL HOLDINGS LIMITED**  
**Johnny Chen**  
*Chairman and Executive Director*

**Chow Kai Weng**  
*Associate Chairman, Executive Director and  
Chief Executive Officer*

Hong Kong, 29 July 2020

*As at the date of this announcement, the National Arts Board comprises four executive directors, namely Mr. Sin Kwok Lam, Mr. Chow Kai Weng, Mr. Cheng Wang Chun and Mr. Ho Leung Ting; one non-executive director namely Dr. Lam Lee George and three independent non-executive directors, namely Mr. Chui Chi Yun Robert, Mr. Li Kit Chee and Mr. Lam Kwok Hing Wilfred.*

*As of the date of this announcement, the Convoy Board comprises four executive directors, namely Mr. Johnny Chen (Chairman), Mr. Ng Wing Fai, Mr. Yap E Hock and Mr. Shin Kin Man; one non-executive director, Mr. Chen Shih-pin; and four independent non-executive directors, namely Mr. Pun Tit Shan, Mrs. Fu Kwong Wing Ting, Francine, Mr. Pak Wai Keung, Martin and Mr. Yan Tat Wah. Other executive directors are namely Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee, whose duties have been suspended by the Convoy Board since 8 December 2017.*

*The directors of National Arts jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to Convoy, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of Convoy) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

*The directors of Convoy (other than Mr. Wong Lee Man, Ms. Fong Sut Sam and Ms. Chan Lai Yee) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to National Arts and parties acting in concert with it, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of National Arts and parties acting in concert with National Arts) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*