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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)

SUPPLEMENTAL ANNOUNCEMENT
RELATING TO
DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE IN
WISE CIRCUIT LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER GENERAL MANDATE

Reference is made to the announcements (the “**Announcements**”) of National Arts Group Holdings Limited (the “**Company**”) dated 29 November 2021 and 10 December 2021 in relation to the acquisition of the entire issued share in Wise Circuit Limited. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Announcements.

The Board would like to provide additional information in relation to the Acquisition. In deciding to conduct the Acquisition, the Company and the Directors performed due diligence against the Properties, including but not limited to obtaining and reviewing the relevant business analysis and legal documents in relation to the Properties, and conducted legal search and company search against the Properties. The Company and the Directors also obtained and reviewed the legal opinion issued by its Malaysian legal adviser and the valuation report of the Properties prepared by CresVAL Corporate.

Mr. Dennis Yu (“**Mr. Yu**”), who was the project introducer of the Company first presented the proposed acquisition of the Target Company to the management of the Company. Mr. Yu is a retired Hong Kong citizen and an Independent Third Party. Mr. Yu had no relationship with the Vendor and Mr. Tong before the Acquisition. Mr. Yu met the Guarantor at a business social gathering.

The Board considers that for the first five years upon the completion of the construction of the Properties, the Group shall monitor the operations of the Properties and the Vendor shall act as the operator of the Properties. During such period, apart from gaining more understanding about property investment industry and the property market in Malaysia, the Group can also take the opportunity to gain more experience, expand its business network and develop more business connections in the property market industry in Malaysia by acting as a passive investor. Despite the Company's intention to continue the existing businesses of the Group, the Company may also explore other business opportunities from time to time which have a synergistic effect on the Group's existing business in order to enhance long-term growth potential of the Group. Accordingly, the Board is of the view that the Acquisition provides a good opportunity for the Company to explore investment opportunities in overseas countries with an aim to deliver reasonable returns for Shareholders and enhance long-term growth potential of the Company.

The Company has considered settling the Consideration by cash. As at 30 June 2021, the cash and bank balances of the Group is approximately HK\$6.92 million. Taking into account of the Group's cash and bank balances position, the Board is of the view that the Company has insufficient cash to settle the Consideration. As such, the Company decided not to proceed with settling the Consideration by way of cash.

The Company has also considered settling the Consideration by way of issue of promissory note to the Vendor. However, after discussion with the Vendor, the Vendor preferred the allotment and issue of the Consideration Shares as the settlement method for the Consideration. As such, the Company did not proceed with settling the Consideration by way of issue of promissory note to the Vendor.

In order to minimise the risks and protect the interests of the Shareholders, the Vendor has granted the Company the Put Option and the Guarantor has given a guarantee in favour of the Company for the full, punctual and complete performance of the obligations of the Vendor under the Sale and Purchase Agreement. Accordingly, the Guarantor would settle the Put Option Price in the event the Vendor fails to do so. The Board is of the view that the Guarantor is credible considering that the Guarantor is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Given that the Guarantor is a professional, the Guarantor is required to adhere to professional ethics as a member of the HKICPA. The Company has also conducted a review on the Guarantor's cash position. As such, the Board considers that the Guarantor is credible in settling the Put Option Price in the event the Vendor fails to do so.

As at the date of this announcement, the development of the Properties is approximately 30% completed. The expected timeline of the completion of the development of the Properties is as follows:

| Event | Expected completion date | Completion progress (Approximate %) |
|---|---------------------------------|--|
| Structural reinforced concrete framework | 30 June 2022 | 55% |
| Architectural work | 31 October 2022 | 85% |
| Infrastructural and external work | 31 December 2022 | 95% |
| Delivery of vacant possession of the Properties | 31 March 2023 | 100% |

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, 28 December 2021

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.