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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)

VOLUNTARY ANNOUNCEMENT LETTER OF INTENT FOR SUBSCRIPTION ON L’OFFICIEL INC.

This announcement is made by National Arts Entertainment and Culture Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) voluntarily, for the purpose of providing an update to its shareholders and potential investors in relation to the latest business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 17 April 2021, the Company and L’Officiel Inc SAS (“**L’Officiel**”) (the Company together with L’Officiel being the “**Parties**”, and individually, a “**Party**”) entered into a binding letter of intent (the “**Subscription LOI**”), in relation to the subscription of new shares of L’Officiel (the “**Subscription**”), which Subscription is subject to approval by the shareholders of L’Officiel at a general meeting of the shareholders of L’Officiel to be convened on or before May 15, 2021.

THE SUBSCRIPTION LOI

Subject Matter

Pursuant to the Subscription LOI, the Parties have agreed to the following intentions in relation to, among other things, the Subscription:

1. Obligation to subscribe

The Company agrees to subscribe for, and L’Officiel agrees to allot and issue such number of ordinary shares equivalent to ten percent (10%) of the equity of L’Officiel, credited as fully paid up, out of the unissued authorised capital stock of L’Officiel (together, the “**Target Shares**”), for the Subscription Consideration as set out below.

2. Subscription Consideration

In consideration of the agreement for L'Officiel to issue the Target Shares to the Company, the Company undertakes to settle the subscription monies for the Target Shares by the allotment and issue of 500,000,000 ordinary shares at HK\$0.10 each, credited as fully paid up, out of the unissued authorised capital stock of the Company (the “**Consideration Shares**”) to L'Officiel.

3. Conditions Precedent

Closing of the Definitive Agreement will be subject to customary condition precedents including, without limitation:

- (i) the Parties shall have complied with any relevant and applicable legal regulations, including having obtained the approval of any relevant governmental authority for
 - (a) the issuance by L'Officiel and the purchase and subscription by the Company of the New Shares, and
 - (b) the issuance by the Company and the receipt by L'Officiel of the Consideration Shares;
- (ii) the receipt by the Company of a valuation report issued by an independent professional valuer showing the value of L'Officiel as at the date not more than three (3) months prior to the Completion Date;
- (iii) the receipt by the Company of recent management accounts of L'Officiel;
- (iv) issuance by the Company of the Stock Exchange announcement of the Subscription LOI;
- (vi) the Listing Committee of the Stock Exchange shall have granted the listing of, and permission to deal in, the Consideration Shares; and
- (vii) such approvals and other requirements designated by L'Officiel in the Definitive Agreement.

4. License

The Definitive Agreement will contemplate a separate license agreement granting to the Company certain mutually agreed rights to the content of L'Officiel and its subsidiaries. These rights will enhance the Company's film, television, documentary and short video production capabilities, by allowing for increased engagement with L'Officiel's and its subsidiaries' extensive archive database of several hundred thousand media items.

5. Long Stop Date

The Parties agree that the Parties shall negotiate and finalise the details of the Subscription and incorporate the terms and conditions of the Subscription LOI into the definitive agreement and enter into such definitive agreement prior to May 15, 2021, or such other date as may be mutually agreed in writing by the Parties.

INFORMATION ABOUT L'OFFICIEL

L'Officiel is a company limited by shares and incorporated under the laws of France with a registered capital of €8,000,100.00 as at the date of this release.

L'Officiel is a global leading media company built on a centennial brand legacy, based in Paris since 1921. Present in 80 countries, with 30 in-language international editions, L'Officiel is today visible by 100 million people worldwide through its extensive, omni-platform digital presence. Recognized as a leading luxury and fashion brand, L'Officiel is an international reference for French style and pioneer in fashion, beauty, lifestyle and contemporary society. In honor of its 100-year anniversary in 2021, L'Officiel is enhancing its exceptional history thanks to a unique, AI-led database of hundreds of thousands articles and images from the magazine's centenary archives.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, L'Officiel and its ultimate beneficial owner are third parties independent of the Company and its connected parties (as defined in the GEM Listing Rules).

REASONS OF ENTERING INTO THE SUBSCRIPTION LOI

Since the Group's business was adversely affected in the early stage of the COVID-19 pandemic, the management realised that a single business was exposed to the risk of force majeure. Therefore, the Group has been planning to diversify its business. Then, in late 2020, the Group start to expand a new business, which is the digital commerce business.

The Company's main activity in film production will lead to meaningful media engagement with L'Officiel's rich archive database, compiling around 400.000 elements of exclusive content, retracing the intertwined global histories of models, brands, fashion trends and designers. In addition, a unique blockchain-provenance protected database of more than 100.000 exclusive images from hundred years of fashion and culture will allow both companies to create a global NFT program, placing their exceptional history at the heart of a global crypto-art phenomenon. In addition, L'Officiel is active in over 30 countries, they have a large network, data base, number of subscribers in those countries. Therefore, the board believe that these resources can contribute the digital commerce business.

The Subscription will allow the Company and the L'Officiel to develop their relationship and build on their common interests in exploring new paths for art, fashion and culture in the digital sphere. Through the Subscription the Parties intend to leverage their respective strengths to create new growth opportunities.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE BOARD WISHES TO EMPHASISE THAT THE SUBSCRIPTION CONTEMPLATED UNDER THE SUBSCRIPTION LOI IS SUBJECT TO THE EXECUTION OF A DEFINITIVE AGREEMENT BY THE PARTIES, THEREFORE, IT MAY OR MAY NOT PROCEED. THE COMPANY WILL ISSUE FURTHER ANNOUNCEMENTS IN RELATION TO THE POSSIBLE SUBSCRIPTION IN ACCORDANCE WITH THE GEM LISTING RULES AS APPROPRIATE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

By order of the Board
National Arts Entertainment and Culture Group Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Chow Kai Weng
Associate Chairman, Executive Director and Chief Executive Officer

Hong Kong, 18 April 2021

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

Chairman and Executive Director:

Mr. Sin Kwok Lam

Associate 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

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 “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting. This announcement will also be published and shall remain on the Company’s website at www.nationalarts.hk on the “Investor Relations” page.