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National Arts Entertainment and Culture Group Limited

國藝娛樂文化集團有限公司

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

(Stock Code: 8228)

VOLUNTARY ANNOUNCEMENT — RENTAL AGREEMENT

The board of directors (the “**Board**”) of National Arts Entertainment and Culture Group Limited (the “**Company**”) is pleased to announce that on 11 January 2016, a wholly-owned subsidiary of the Company, 佛山匯首景區開發有限公司 (“**Party A**”) has entered into a Rental Agreement (the “**Agreement**”) with a wholly-owned subsidiary of Zhu Jiang Film Group (ZJFG) (“**Party B**”) for letting the shooting equipment of Party B. ZJFG is a governmental business unit and one of the largest companies in media and entertainment industry in Guangdong Province.

Pursuant to the Agreement, Party A will be the rental agent of the film shooting equipment of Party B. The shooting equipment includes but not limited to props, attires, costumes, lighting and photographing equipment and etc. (the “**Equipment**”) in an aggregate value of approximately RMB580,000,000, equivalent to HKD725,000,000. Party B will deliver all the Equipment up to Party A for handling rental matters where Party A agreed to provide a warehouse of approximately 3,000 square meters situated in Xiqiao National Arts Studio for the storage of the Equipment. Party B will take their own responsibility for the asset management and related risk of loss. Under the Agreement, Party A will be entitled to 22% of the rental income of Equipment.

Party B obtains over 10,000 kinds of props, attires and prop guns, which are of sufficient quantity. Props provided include furniture, appliances, attires and prop cars from various Chinese dynasties as well as over 4,000 types of Chinese historical war weapons. All of which can fully support different sizes of productions with Chinese ancient and recent history as the theme. In addition, Party B extensively upgraded its shooting equipment including cameras, lens and lighting systems in 2013 which can meet the demand for shooting equipment of all sorts of crews.

In view of the continuous growth of film and TV production industry in China, the Board is of the opinion that the rental service will be benefitted from the increasing demand of shooting equipment and props. Thus, it is expected that the rental service may bring a decent income to the Company and effectively form a phenomenon of industry cluster, attracting more potential customers.

The directors of the Company (the “**Directors**”), to the best of their knowledge, information and belief, having made all reasonable enquiries, Party B is a third party independent of, and not connected with, the Company and its connected persons.

The Directors consider that the Agreement is to be formed on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

By Order of the Board
National Arts Entertainment and Culture Group Limited
Chow Kai Weng
Executive Director

Hong Kong, 1 February 2016

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

Chairman and Non-executive Director:

Mr. Sin Kwok Lam

Vice Chairperson, Executive Director and Chief Executive Officer:

Ms. Law Po Yee

Executive Directors:

Mr. Chow Kai Weng

Ms. Sin Ho Yee

Non-executive Director:

Mr. Li Sin Hung Maxim

Independent Non-executive Directors:

Mr. Chan Tin Lup Trevor

Mr. Chui Chi Yun Robert

Prof. Wong Lung Tak Patrick

Mr. Li Kit Chee

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 GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company's website at www.nationalarts.hk on the "Investor Relations" page.