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Values Cultural Investment Limited

新石文化投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1740)

VOLUNTARY ANNOUNCEMENT LITIGATION IN RELATION TO A CONTRACT

This announcement is made by the Company on a voluntary basis to inform its shareholders and potential investors of a litigation in relation to a contract of the Group. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus issued by the Company dated 30 December 2019.

The Board has recently received a Summons* (傳票) served by the Intermediate People's Court of Hangzhou City, Zhejiang Province* (浙江省杭州市中級人民法院). The Civil Complaint* (民事起訴狀) relating to the Summons* (傳票) relates to the recovery of outstanding proceeds arising from a joint investment agreement entered into between a joint investor and Values Culture, which is one of the Consolidated Affiliated Entities of the Group, for the production of a TV series. According to the Civil Complaint* (民事起訴狀), the joint investor claims for the payment of its share of the proceeds amounting to RMB11,343,717.04 arising out of the jointly invested TV series and late payment penalty amounting to RMB7,946,273.79 from Values Culture. The Board has also discovered that a total sum of RMB1,803,704.79 deposited at three bank accounts of the Group has been frozen by the PRC court due to the above claim.

The Company is currently seeking legal advice on the claim to assess its merits and implications on the Group, as well as the potential legal action the Company should take in response to the claim. In the meantime, the Company is also liaising with the joint investor for possible settlement of the claim. The Company will make further announcement(s) to inform its shareholders and potential investors of any further development of the claim as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Values Cultural Investment Limited
Liu Naiyue
Chairman and executive Director

Hong Kong, 18 February 2022

As at the date of this announcement, the Board comprises Mr. Liu Naiyue, Ms. Liu Peiyao, Ms. Wei Xian, Ms. Li Fang, Mr. Xu Jun and Mr. Qu Guohui as executive Directors; Mr. Shao Hui and Ms. Shen Yi as non-executive Directors; Mr. Xian Guoming, Mr. Xu Zongzheng, Mr. Zhong Mingshan and Ms. Liu Jingping as independent non-executive Directors.

* *The English translation of terms or names in Chinese which are marked with “*” is for identification purpose only.*