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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 SETTLEMENT OF LITIGATION

This announcement is made by the Company on a voluntary basis to inform its shareholders and potential investors the settlement of a litigation in relation to a contract of the Group. Reference is made to the Company's announcement (the "**Announcement**") dated 18 February 2022. 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.

BACKGROUND

In 2015, Values Culture entered into two joint investment agreements with a joint investor in relation to two TV series. Values Culture was a majority investor in one of the joint investments (the "**First Joint Investment**") and a minority investor in the other joint investment (the "**Second Joint Investment**").

As disclosed in the Announcement, the Board has recently received a Summons* (傳票). The Civil Complaint* (民事起訴狀) relating to the Summons* (傳票) relates to the recovery of outstanding proceeds arising from the First Joint Investment. 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 First Joint Investment 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.

SETTLEMENT OF LITIGATION

As disclosed in the Announcement, the Company liaised with the joint investor for possible settlement of the claim. On 10 March 2022, Values Culture and the joint investor entered into a settlement agreement (the "**Settlement Agreement**"). Under the Settlement Agreement, Values Culture shall pay a sum of RMB3,987,535.56 to the joint investor in relation to the First Joint Investment, whereas it is not necessary for the joint investor to pay the outstanding proceeds to Values Culture in relation to the Second Joint Investment. Upon payment by Values Culture to the joint investor, there remains no outstanding payments arising from the two aforesaid joint investments and the relevant joint investment agreements are terminated, inclusive of the rights and obligations contained therein. Moreover, the joint investor has applied to the PRC court to withdraw the above claim and unfreeze the Group's bank accounts.

The Board considers that the aforesaid settlement is in the interest of the Group and the shareholders of the Company as a whole and the settlement has no adverse impact on the financial position and operations of the Group.

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

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

Hong Kong, 18 March 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.