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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)

PROFIT WARNING

This announcement is made by Values Cultural Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Reporting Period**”), it is expected that the Group will record a net loss ranging from approximately RMB134.0 million to approximately RMB144.0 million for the Reporting Period, as compared to the Group’s net loss amounting to approximately RMB38.0 million for the year ended 31 December 2021. The Board believes that the net loss was mainly attributable to the adverse impact of the COVID-19 pandemic during the Reporting Period causing (i) the decrease in the recoverability of the trade receivables which led to the increase of the expected credit loss of trade receivables during the Reporting Period; (ii) the change of distribution plans of certain TV series which led to the decrease in the expected future distribution income. As a result, the Company wrote down inventories to net realizable value which led to an increase in cost; and (iii) the delay of the broadcasting schedule of our TV series and web series which led to the revenue generated during the Reporting Period less than the Company had expected.

As at the date of this announcement, the Company is still in the course of preparing and finalizing the annual results of the Group for the Reporting Period. The information contained in this announcement is only based on the information currently available to the Group and a preliminary review by the Board of the Group’s unaudited consolidated management accounts for the Reporting Period, which have not been audited or reviewed by the Company’s independent auditor or reviewed by the Company’s audit committee and the relevant content is subject to further adjustments and finalization. Shareholders of the Company and potential investors are advised to refer to the detailed information in the annual results announcement of the Company for the Reporting Period, which is expected to be published in late March 2023.

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, 15 March 2023

As at the date of this announcement, the Board comprises Mr. Liu Naiyue, Ms. Cai Xiaoxin, Ms. Li Fang, Mr. Xu Jun, Mr. Qu Guohui and Ms. Liu Peiyao 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.