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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 the 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 six months ended 30 June 2020 (the “**Reporting Period**”), it is expected that the Group will record a net loss ranging from approximately RMB6 million to RMB7 million for the Reporting Period, as compared to the Group’s net profit amounting to approximately RMB15.1 million for the six months ended 30 June 2019. The Board believes that the expected deterioration of the Group’s financial performance was mainly due to: (i) the significant decrease in revenue as certain TV series in which the Group acted as executive producer and/or non-executive producer failed to be broadcasted in the Reporting Period according to the expected schedule as a result of the impact of the novel coronavirus (“**COVID-19**”) pandemic. Due to the COVID-19 pandemic, the Group reduced its marketing and promotion activities and therefore was not able to agree the price and broadcasting schedule of certain key TV series with its customers; and (ii) the increase in provision for impairment of financial assets for the Reporting Period due to the long aged trade receivables from certain customers.

As at the date of this announcement, the Company is still in the course of preparing and finalizing the unaudited consolidated interim results for the six months ended 30 June 2020 (the “**Interim Results**”). 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. Shareholders of the Company and potential investors are advised to refer to the detailed information in the Interim Results announcement of the Company for the Reporting Period, which is expected to be published on or about 28 August 2020.

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, 12 August 2020

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.