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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)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2023 increased by approximately 542.3% to approximately RMB16.7 million from approximately RMB2.6 million for the six months ended 30 June 2022.
- The Group recorded a gross loss of approximately RMB4.9 million for the six months ended 30 June 2023, as compared with a gross loss of approximately RMB10.3 million for the six months ended 30 June 2022.
- Net loss for the six months ended 30 June 2023 was approximately RMB13.1 million, as compared with the Group's net loss amounting to approximately RMB13.7 million for the six months ended 30 June 2022.
- The Board does not recommend the payment of interim dividends in respect of the six months ended 30 June 2023 (the six months ended 30 June 2022: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Values Cultural Investment Limited (the “**Company**” or “**Values Cultural**”, together with its subsidiaries, the “**Group**”), is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”).

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2023*

		<b>30 June 2023 (Unaudited) RMB'000</b>	30 June 2022 (Unaudited) RMB'000
	<i>Notes</i>		
<b>REVENUE</b>	<i>4</i>	<b>16,720</b>	2,571
Cost of sales		<u>(21,640)</u>	<u>(12,877)</u>
Gross loss		<b>(4,920)</b>	(10,306)
Other income and gains		<b>323</b>	248
Selling and distribution expenses		<b>(731)</b>	(673)
Administrative expenses		<b>(7,360)</b>	(5,922)
Impairment losses on financial assets, net		<b>(175)</b>	465
Finance costs		<b>(13)</b>	–
Other expenses		<u>–</u>	<u>(43)</u>
<b>LOSS BEFORE TAX</b>	<i>5</i>	<b>(12,876)</b>	(16,231)
Income tax (expense)/credit	<i>6</i>	<u>(189)</u>	<u>2,557</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(13,065)</b></u>	<u>(13,674)</u>
Attributable to:			
Owners of the parent		<u><b>(13,065)</b></u>	<u>(13,674)</u>
<b>LOSSES PER SHARE</b>			
Basic and diluted	<i>8</i>	<u><b>(RMB1.26 cents)</b></u>	<u>(RMB1.32 cents)</u>

	<b>30 June 2023 (Unaudited) RMB'000</b>	30 June 2022 (Unaudited) RMB'000
<b>LOSS FOR THE PERIOD</b>	<b><u>(13,065)</u></b>	<b><u>(13,674)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	<u>(2,282)</u>	<u>(2,340)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>2,748</u>	<u>3,733</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>466</u></b>	<b><u>1,393</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(12,599)</u></b>	<b><u>(12,281)</u></b>
Attributable to:		
Owners of the parent	<u>(12,599)</u>	<u>(12,281)</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023 (Unaudited) <i>RMB'000</i>	31 December 2022 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	212	159
Prepayments, other receivables and other assets		55	64
Right-of-use assets		581	1,017
Investments in associates		7,000	7,000
		<hr/>	<hr/>
Total non-current assets		7,848	8,240
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		119,822	135,063
Trade and notes receivables	10	49,900	39,464
Prepayments, other receivables and other assets		80,108	80,221
Cash and cash equivalents		30,465	39,050
		<hr/>	<hr/>
Total current assets		280,295	293,798
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	6,216	2,863
Other payables and accruals		10,781	15,106
Lease liabilities		446	883
Tax payable		7,719	7,606
		<hr/>	<hr/>
Total current liabilities		25,162	26,458
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>255,133</b>	267,340
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>262,981</b>	275,580
		<hr/>	<hr/>
Net assets		<b>262,981</b>	275,580
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	12	36	36
Reserves		262,945	275,544
		<hr/>	<hr/>
<b>Total equity</b>		<b>262,981</b>	275,580
		<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2023*

	Attributable to owners of the parent					
	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 (audited)	36	312,834	15,233	(623)	(51,900)	275,580
Loss for the period (unaudited)	-	-	-	-	(13,065)	(13,065)
Other comprehensive loss for the period:						
Exchange differences on translation of the Company's financial statements (unaudited)	-	-	-	466	-	466
Total comprehensive income for the period (unaudited)	-	-	-	466	(13,065)	(12,599)
At 30 June 2023 (unaudited)	36	312,834	15,233	(157)	(64,965)	262,981

	Attributable to owners of the parent					
	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022 (audited)	36	312,834	15,233	(3,210)	89,588	414,481
Loss for the period (unaudited)	-	-	-	-	(13,674)	(13,674)
Other comprehensive loss for the period:						
Exchange differences on translation of functional currency to presentation currency (unaudited)	-	-	-	1,393	-	1,393
Total comprehensive loss for the period (unaudited)	-	-	-	1,393	(13,674)	(12,281)
At 30 June 2022 (unaudited)	36	312,834	15,233	(1,817)	75,914	402,200

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 And HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group has applied the amendments on temporary differences related to leases from beginning, the amendments did not have any impact on the financial position or performance of the Group.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

#### Geographical information

During the period, the Group operated within one geographical segment because all of the Group's revenue was generated from customers located in Mainland China. All of the non-current assets of the Group were located in Mainland China.

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the period is set out below:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Customer 1	<b>15,817</b>	N/A*
Customer 2	<b>N/A*</b>	6,333

- \* The corresponding revenue of the customers are not disclosed as the revenue did not individually account for 10% or more of the Group's revenue for the reporting period and corresponding period of last year.

#### 4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers	<u>16,720</u>	<u>2,571</u>

#### Revenue from contracts with customers

(i) *Disaggregated revenue information*

	For the six months ended	
	30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Type of goods or service</b>		
Licensing of broadcasting rights of TV series and web series	<u>16,720</u>	<u>2,571</u>

#### Geographical markets

All of the Group's revenue was generated from customers located in Mainland China during the period.

#### Timing of revenue recognition

All of the Group's revenue was recognised at a point in time during the period.



## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of inventories sold	18,411	6,470
Depreciation of property, plant and equipment	48	39
Depreciation of right-of-use assets	436	–
Minimum lease payments under lease exemption	138	618
Government grants	(275)	(14)
Bank interest income	(20)	(233)
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	1,940	2,091
Pension scheme contributions	175	243
Staff welfare expenses	107	111
	<u>2,222</u>	<u>2,445</u>
Write-down of inventories to net realisable value	3,229	6,407
Impairment of trade receivables, net	175	(465)
	<u>3,229</u>	<u>6,407</u>

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed statement of profit or loss are:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current – Mainland China		
Charge for the period	112	–
Underprovision in prior years	76	–
Deferred tax	–	(2,557)
	<u>189</u>	<u>(2,557)</u>
Total tax charge for the period	<u>189</u>	<u>(2,557)</u>

## 7. DIVIDENDS

The Board did not declare any interim dividend for the Reporting Period (the six months ended 30 June 2022: nil).

## 8. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic losses per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of approximately RMB13,065,000 (six months ended 30 June 2022: approximately RMB13,674,000), and the weighted average number of ordinary shares of 1,037,500,000 (30 June 2022: 1,037,500,000) shares in issue during the Reporting Period.

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Carrying amount at beginning of period/year	159	102
Additions	101	144
Depreciation provided during the period/year	(48)	(87)
	<hr/>	<hr/>
Carrying amount at end of period/year	<b>212</b>	<b>159</b>

## 10. TRADE AND NOTES RECEIVABLES

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Trade receivables	165,444	149,807
Notes receivable	400	5,426
Impairment	(115,944)	(115,769)
	<hr/>	<hr/>
	<b>49,900</b>	<b>39,464</b>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 3 months	16,873	488
3 to 6 months	–	6,277
6 to 12 months	6,134	487
1 to 2 years	26,444	26,786
2 to 3 years	49	–
	<u>49,500</u>	<u>34,038</u>

## 11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Within 3 months	–	–
3 to 6 months	3,353	2,626
6 to 12 months	–	–
1 to 2 years	2,626	237
2 to 3 years	237	–
Over 3 years	–	–
	<u>6,216</u>	<u>2,863</u>

## 12. SHARE CAPITAL

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Authorised:		
10,000,000,000 ordinary shares of US\$0.000005 each	<u>336</u>	<u>336</u>
Issued and fully paid:		
1,037,500,000 ordinary shares of US\$0.000005 each	<u>36</u>	<u>36</u>

A summary of movements in the Company's share capital is as follows:

	<b>Number of shares in issue</b>	<b>Share capital RMB'000</b>
At 1 January 2020	2,000,000	–
Issue of shares on 16 January 2020	250,000,000	9
Issue of shares on 7 February 2020	37,500,000	1
Capitalisation of issue of shares	748,000,000	26
	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021 and 31 December 2021 and 1 January 2022 and 31 December 2022 and 30 June 2023	1,037,500,000	36
	<hr/> <hr/>	<hr/> <hr/>

### 13. CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

### 14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	<b>30 June 2022 (Unaudited) HK\$'000</b>
Contracted, but not provided for:		
Investment under co-financing arrangements	69,000	–
	<hr/> <hr/>	<hr/> <hr/>

### 15. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2023 (Unaudited) RMB'000</b>	<b>2022 (Unaudited) RMB'000</b>
Short-term employee benefits	721	721
Pension scheme contributions	66	66
	<hr/>	<hr/>
Total compensation paid to key management personnel	787	787
	<hr/> <hr/>	<hr/> <hr/>

### 16. EVENTS AFTER THE REPORTING PERIOD

There was no event causing significant impact on the Group since 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATION REVIEW AND PROSPECTS

The Group is principally engaged in the business of (i) licensing of broadcasting rights of TV series; (ii) investing in TV series and web series as non-executive producer; and (iii) acting as distribution agent of TV series. The Group is also expanding its business in the production of web series and online films in view of their growing popularity. During the Reporting Period, the Company recorded a total revenue of approximately RMB16.7 million, which increased by approximately 542.3% as compared with approximately RMB2.6 million for the corresponding period of last year. During the Reporting Period, our revenue was primarily generated from licensing of broadcasting rights of web series, namely 101 Marriages\* (101次搶婚) .

Net loss for the Reporting Period was approximately RMB13.1 million as compared with the Group's net loss amounting to approximately RMB13.7 million for the corresponding period of last year. The Board believes that the net loss was mainly due to the uncertainties of the post-pandemic economic recovery during the Reporting Period which resulted in (i) revenue generated from the licensing of broadcasting right of certain web series lower than that the Group had expected; and (ii) postponement of broadcasting of certain self-produced TV series which led to the revenue generated from the licensing of broadcasting right of TV series lower than that the Group had expected.

During the Reporting Period, the Group has been actively negotiating with CCTV regarding the broadcasting schedule of a self-produced TV series which is expected to be first broadcast in 2023. Moreover, the Group has completed the post-shooting production of another self-produced TV series which is in the process of obtaining government approval as at the date of this announcement. Regarding a TV series that the Group acts as non-executive producer, it has been revised according to CCTV's comments. As it is aimed that this TV series will be broadcast on CCTV, multiple government approvals are required and the Group is awaiting the result of the second stage of government approval as at the date of this announcement.

During the Reporting Period, two web series that the Group acts as executive producer were respectively broadcast in March 2023 and August 2023. Another web series which the Group acts as non-executive producer was broadcast in February 2023. Moreover, the Group has decided to invest in five other web series which are in the process of revising the script, undergoing post-shooting production, obtaining government approval or finalising broadcasting schedule as at the date of this announcement.

Regarding the film trilogy that the Group acts as executive producer, the Group has been negotiating the broadcasting schedule with CCTV as at the date of this announcement.

## **Prospects and Future Plans**

Looking forward, we expect that the market situation will gradually improve during the year due to the relaxation of COVID-19 policies in the PRC. The Group is cautiously optimistic about the business of production of and investment in TV series and web series. The Group will closely monitor the market conditions, especially the opportunities of conducting business with first-tier TV stations and major online video platforms, as well as second-tier and third-tier TV stations. The Group will also adhere to prudent financial management in project selection and cost control, resume more active business operation and explore opportunities mainly in the business of TV series and web series.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the Group recorded revenue of approximately RMB16.7 million (30 June 2022: approximately RMB2.6 million), representing an increase of approximately 542.3% when compared with the corresponding period of last year. The increase in revenue was primarily due to the increase in revenue generated from licensing of broadcasting rights of web series. During the Reporting Period, our revenue was generated primarily from licensing of broadcasting rights of web series, namely 101 Marriages\* (101次搶婚) .

### **Cost of Sales and Gross Profit**

During the Reporting Period, the cost of sales of our operations increased from approximately RMB12.9 million for the six months ended 30 June 2022 to approximately RMB21.6 million for the six months ended 30 June 2023, representing an increase of 67.4%. The increase in the cost of sales was primarily due to the increase in revenue generated from licensing of broadcasting rights of web series during the Reporting Period.

During the Reporting Period, the Group recorded a gross loss of approximately RMB4.9 million, as compared with a gross loss of approximately RMB10.3 million for the corresponding period of last year. The decrease in gross loss was mainly due to the increase in revenue during the Reporting Period.

### **Other Income and Gains**

During the Reporting Period, the other income and gains were approximately RMB0.3 million (30 June 2022: approximately RMB0.2 million). The increase in other income and gains was mainly due to the increase in government grant received from the PRC government authorities.

### **Selling and Distribution Expenses**

During the Reporting Period, the selling and distribution expenses remained relatively stable at approximately RMB0.7 million as compared to approximately RMB0.7 million for the six months ended 30 June 2022.

## **Administrative Expenses**

During the Reporting Period, the administrative expenses were approximately RMB7.4 million, representing an increase of approximately 25.4% as compared with approximately RMB5.9 million for the corresponding period of last year. The increase in administrative expenses was mainly due to the increase in entertainment and travelling expenses.

## **Impairment losses on financial assets**

The impairment losses on financial assets represent the impairment provision on long ageing trade and other receivables. The impairment losses on financial assets for the Reporting Period was recognised as approximately RMB0.2 million as compared with the reversal of impairment losses on financial assets of approximately RMB0.5 million for the corresponding period of last year. The impairment loss was due to the increase in trade receivables for the six months ended 30 June 2023.

## **Finance Costs**

During the Reporting Period, our finance costs were approximately RMB13,000, as compared to nil for the corresponding period of last year.

## **Loss for the Reporting Period**

During the Reporting Period, the loss attributable to owners of the parent was approximately RMB13.1 million, as compared with approximately RMB13.7 million loss attributable to owners of the parent for the corresponding period of last year. The decrease in the loss for the Reporting Period was primarily due to increase in the revenue.

## **Liquidity, Financial Resources and Capital Structure**

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and proceeds from the shares of the Company (the "**Shares**") which were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on the listing date (i.e. 16 January 2020) (the "**Listing Date**"), comprising 250,000,000 new Shares issued at the offer price of HK\$0.50 per Share (the "**Global Offering**"). On 7 February 2020, the over-allotment option was fully exercised to issue further 37,500,000 new Shares (the "**Over-Allotment Shares**").

As of 30 June 2023, the Group had total cash and cash equivalents (including bank deposits and cash) of approximately RMB30.5 million (31 December 2022: approximately RMB39.1 million), and total net current assets of approximately RMB255.1 million (31 December 2022: approximately RMB267.3 million). The Group monitors capital using a gearing ratio, which is total debt (of which debt is defined to include interest bearing payables) divided by total equity multiplied by 100% as at the date indicated. As at 30 June 2023, the gearing ratio of the Group was 0.17% (31 December 2022: 0.32%).

As at 30 June 2023, the equity attributable to the owners of the parent was approximately RMB263.0 million, of which share capital was approximately RMB36,000, the capital reserve was approximately RMB312.8 million, the statutory surplus reserve was approximately RMB15.2 million, exchange fluctuation reserve was approximately negative RMB0.2 million and retained earnings were approximately negative RMB65.0 million. The equity attributable to the owners of the parent decreased by approximately 4.6% from approximately RMB275.6 million as at the end of 2022, which was mainly attributable to the loss during the Reporting Period.

After taking into consideration of the available financial resources, including cash flow from operating activities, the Group has enough working capital to meet the capital demand for its business development.

### **Pledge of Assets and Contingent Liabilities**

As at 30 June 2023, the Group did not have pledged assets.

As at 30 June 2023, the Group did not have material contingent liabilities.

### **EMPLOYEES, REMUNERATION POLICY AND TRAINING**

As at 30 June 2023, the Group had a total of 30 full-time employees, including executive Directors and non-executive Directors, who are all located in the PRC.

For the Reporting Period, the cost of employees of the Group amounted to approximately RMB3.1 million.

The Group offers employees competitive salaries, discretionary bonus and other incentives (e.g. the share option scheme). Our recruitment policy is based on a number of factors including the level of knowledge and experience we require of our staff. The Group provides introductory training at the time when members of our staff first join us and thereafter regular on-the-job training, depending on his or her role. In addition, it is our policy to provide training to our staff on a needed basis to enhance their technical and industry knowledge. The Group believes such initiatives have contributed to increased employee productivity. As required by the PRC regulations, we participate in various employee benefit plans (the “**Retirement Benefit Scheme**”) that are organised by local governments, including housing, pension and social insurance. The Group is required under PRC laws to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local governments from time to time. Contributions to the Retirement Benefit Scheme vest immediately. The Group enters into a standard employment contract with all our employees which set out terms such as remuneration and confidentiality requirements.

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employee(s) employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.



There was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

During the Reporting Period, the Group organised a series of trainings on licensing and producing of TV series.

The Group believes that it maintains a positive working relationship with its employees.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The Group did not have material acquisition or disposals of subsidiaries and associated companies during the Reporting Period.

## **SIGNIFICANT INVESTMENTS DURING THE REPORTING PERIOD**

During the Reporting Period, the Group did not hold any significant investment in equity interest in any other company (for the six months ended 30 June 2022: nil). The Company currently does not have other future plans for material investments or capital assets, nor any material acquisitions and disposals of subsidiaries, associates and joint ventures as at 30 June 2023.

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates in the PRC with all of the transactions settled in RMB in the Reporting Period. Therefore, the Group considers the risk exposure to foreign currency fluctuation would be essentially in line with the performance of the exchange rate of RMB. During the Reporting Period, the Group did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

## **SIGNIFICANT LITIGATION**

As at the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **OTHER INFORMATION**

### **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the Reporting Period up to the date of this announcement.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed its listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company (the “**Shareholders**”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices enabling its shareholders to evaluate, and the CG Code has been applied to the Company with effect from the Listing Date on which the shares of the Company were listed (the “**Listing**”) on the Stock Exchange. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the Reporting Period and up to the date of this announcement.

Code Provision C.1.6 of part 2 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. The non-executive Directors, Mr. Shao Hui and Ms. Shen Yi, and independent non-executive Director, Ms. Liu Jingping, did not attend the annual general meeting of the Company held on 30 May 2023 due to other commitments.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiries, all Directors confirmed that they have fully complied with the Model Code throughout the Reporting Period.

## **DIRECTORS’ RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Directors have confirmed their responsibility for preparing financial statements of the Company. The financial information set out in this announcement is unaudited.

## **PROCEEDS FROM THE LISTING AND THE ISSUE OF THE OVER-ALLOTMENT SHARES**

The Shares were listed on the Stock Exchange on the Listing Date and 250,000,000 new Shares were issued at the offer price of HK\$0.50 per Share. On 7 February 2020, the over-allotment option was fully exercised to issue further 37,500,000 new Shares. After deducting the underwriting charges and relevant expenses, the net proceeds from the Listing and the issue of the Over-allotment Shares amounted to approximately HK\$100.4 million (the “**Net Proceeds**”).

As disclosed in the Annual Report for the year ended 31 December 2022 of the Company, the Group has already utilised approximately HK\$100.4 million, representing 100% of the Net Proceeds.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at the date of this announcement, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors	Nature of interest/capacity	As at the date of this announcement	
		Number of shares held (L) (Note 1)	Approximate percentage of shareholding
Mr. Liu Naiyue	Interest of a controlled corporation (Note 2)	239,002,500	23.04%
Ms. Liu Peiyao	Interest of a controlled corporation (Note 2)	239,002,500	23.04%
Mr. Shao Hui	Interest of a controlled corporation (Note 3)	100,622,500	9.69%

Notes:

- The letter “L” denotes long position in our Shares.
- The issued shares of BLW Investment Limited are owned as to approximately 43.44%, 23.17%, 15.44%, 9.65% and 8.30% by Mr. Bai Yang, Ms. Liu Peiyao, Mr. Wu Tao, Mr. Liu Naiyue and Ms. Wei Xian (the “**Core Shareholders**”) respectively. Pursuant to the deed of acting in concert dated 27 August 2021, each of the Core Shareholders confirmed that they would continue to act in concert with each other in exercising their controls in BLW Investment Limited until otherwise terminated by them. Accordingly, each of Mr. Bai Yang, Ms. Liu Peiyao, Mr. Wu Tao, Mr. Liu Naiyue and Ms. Wei Xian is deemed, or taken to be interested in the Shares beneficially owned by BLW Investment Limited.
- The issued shares of SDJZ Investment Limited are owned as to approximately 91.00% by Mr. Shao Hui. Under the SFO, Mr. Shao Hui is deemed, or taken to be interested in the Shares beneficially owned by SDJZ Investment Limited.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this announcement, none of the Directors or the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the date of this announcement, so far as the Board are aware, the following persons/entities (other than the Directors or chief executive) had an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/ Nature of interest	As at the date of this announcement	
		Number of Shares	Approximate percentage of shareholding
BLW Investment Limited ( <i>Note 1</i> )	Beneficial owner	239,002,500	23.04%
Ms. Wei Xian ( <i>Note 1</i> )	Interest of a controlled corporation	239,002,500	23.04%
Mr. Bai Yang ( <i>Note 1</i> )	Interest of a controlled corporation	239,002,500	23.04%
Ms. Xie Jinhong ( <i>Note 2</i> )	Interest of spouse	239,002,500	23.04%
Mr. Wu Tao ( <i>Note 1</i> )	Interest of a controlled corporation	239,002,500	23.04%
Ms. Chen Ying ( <i>Note 3</i> )	Interest of spouse	239,002,500	23.04%
Suiyong Int'l Co., Limited ( <i>Note 4</i> )	Beneficial owner	110,010,000	10.60%
Suiyong Holdings Company Limited (穗甬控股有限公司) ( <i>Note 4</i> )	Interest of a controlled corporation	110,010,000	10.60%
SDJZ Investment Limited ( <i>Note 5</i> )	Beneficial owner	100,622,500	9.69%
Hangzhou Baihuiquan Equity Investment Fund Partnership (Limited Partnership) (杭州百會全股權投資基金合夥企業 (有限合夥)) ( <i>Note 5</i> )	Interest of a party to an agreement regarding interest in the Company	100,622,500	9.69%
Tibet Langrun Investment Management Co., Ltd. (西藏朗潤投資管理有限公司) ( <i>Note 5</i> )	Interest of a party to an agreement regarding interest in the Company	100,622,500	9.69%
Ms. Lu Min ( <i>Note 6</i> )	Interest of spouse	100,622,500	9.69%
JMJ Group Limited	Beneficial owner	86,872,500	8.37%
Mr. Xu Jun ( <i>Note 7</i> )	Interest of a controlled corporation	86,872,500	8.37%
Ms. Zhang Hui ( <i>Note 8</i> )	Interest of spouse	86,872,500	8.37%
SYTY Investment Limited	Beneficial owner	70,002,500	6.74%
Mr. Sun Xianliang ( <i>Note 9</i> )	Interest of a controlled corporation	70,002,500	6.74%
Ms. Yu Jinmei ( <i>Note 10</i> )	Interest of spouse	70,002,500	6.74%
Jinping Holding Limited	Beneficial owner	54,997,500	5.30%
Ms. Jin Ping ( <i>Note 11</i> )	Interest of a controlled corporation	54,997,500	5.30%
Mr. Yao Changhui ( <i>Note 12</i> )	Interest of spouse	54,997,500	5.30%

*Notes:*

- (1) The issued shares of BLW Investment Limited are owned as to approximately 43.44%, 23.17%, 15.44%, 9.65% and 8.30% by Mr. Bai Yang, Ms. Liu Peiyao, Mr. Wu Tao, Mr. Liu Naiyue and Ms. Wei Xian (the “**Core Shareholders**”) respectively. Pursuant to the deed of acting in concert dated 27 August 2021, each of the Core Shareholders confirmed that they would continue to act in concert with each other in exercising their controls in BLW Investment Limited until otherwise terminated by them. Accordingly, each of Mr. Bai Yang, Ms. Liu Peiyao, Mr. Wu Tao, Mr. Liu Naiyue and Ms. Wei Xian is deemed, or taken to be interested in the Shares beneficially owned by BLW Investment Limited.
- (2) Ms. Xie Jinhong is the spouse of Mr. Bai Yang. Under the SFO, she is taken to be interested in the Shares in which Mr. Bai Yang is interested.
- (3) Ms. Chen Ying is the spouse of Mr. Wu Tao. Under the SFO, she is taken to be interested in the Shares in which Mr. Wu Tao is interested.
- (4) The issued shares of Suiyong Int’l Co., Limited are wholly owned by Suiyong Holdings Company Limited (穗甬控股有限公司). Under the SFO, Suiyong Holdings Company Limited (穗甬控股有限公司) is deemed, or taken to be interested in the Shares beneficially owned by Suiyong Int’l Co., Limited.
- (5) The issued shares of SDJZ Investment Limited are owned as to approximately 91.00%, 2.02%, 3.88% and 3.10% by Mr. Shao Hui, Mr. Dai Honggang, Mr. Jin Huiguang and Ms. Zhao Lijuan respectively. SDJZ Investment Limited was incorporated by Mr. Shao Hui, our non-executive Director, Mr. Jin Huiguang, Ms. Zhao Lijuan and Mr. Dai Honggang (the “**Selected Partners**”), each of them is the limited partner of Hangzhou Baihuiquan Equity Investment Fund Partnership (Limited Partnership) (杭州百會全股權投資基金合夥企業(有限合夥)) (“**Hangzhou Baihuiquan**”). Pursuant to an agreement dated 21 May 2019 between Hangzhou Baihuiquan and the Selected Partners, Hangzhou Baihuiquan made entrustment arrangements with the Selected Partners regarding the distribution of the earnings generated from SDJZ Investment Limited’s holding of the issued share capital in our Company. Furthermore, Hangzhou Baihuiquan is a limited equity investment fund partnership established in the PRC, the general partner of which is Tibet Langrun Investment Management Co., Ltd. (西藏朗潤投資管理有限公司). Accordingly, each of Mr. Shao Hui, Hangzhou Baihuiquan and Tibet Langrun Investment Management Co., Ltd. (西藏朗潤投資管理有限公司) is deemed to be interested in such number of Shares held by SDJZ Investment Limited.
- (6) Ms. Lu Min is the spouse of Mr. Shao Hui. Under the SFO, she is taken to be interested in the Shares in which Mr. Shao Hui is interested, which is disclosed in the section headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation” on page 19 of this announcement.
- (7) The issued shares of JMJ Group Limited are owned as to approximately 97.84% by Mr. Xu Jun. Under the SFO, Mr. Xu Jun is deemed, or taken to be interested in the Shares beneficially owned by JMJ Group Limited.
- (8) Ms. Zhang Hui is the spouse of Mr. Xu Jun. Under the SFO, she is taken to be interested in the Shares in which Mr. Xu Jun is interested.
- (9) The issued shares of SYYT Investment Limited are owned as to approximately 40.62% by Mr. Sun Xianliang. Under the SFO, Mr. Sun Xianliang is deemed, or taken to be interested in the Shares beneficially owned by SYYT Investment Limited.
- (10) Ms. Yu Jinmei is the spouse of Mr. Sun Xianliang. Under the SFO, she is taken to be interested in the Shares in which Mr. Sun Xianliang is interested.
- (11) Jinping Holding Limited is wholly owned by Ms. Jin Ping. Under the SFO, Ms. Jin Ping is deemed, or taken to be interested in the Shares beneficially owned by Jinping Holding Limited.
- (12) Mr. Yao Changhui is the spouse of Ms. Jin Ping. Under the SFO, he is taken to be interested in the Shares in which Ms. Jin Ping is interested.

Save as disclosed herein, as at the date of this announcement, the Board is not aware of any persons (other than the Directors or chief executive) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

## **CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors and chief executives of the Company during the Reporting Period and up to the date of this announcement are as follows:

<b>Name of Directors</b>	<b>Particulars</b>	<b>Effective date</b>
Mr. Xu Jun	Resigned as executive Director	28 April 2023
Mr. Liu Tieqiang	Appointed as executive Director	28 April 2023
Mr. Au Yeung Ming Yin Gordon	Appointed as alternate to Mr. Liu Naiyue	24 May 2023
Mr. Au Yeung Ming Yin Gordon	Ceased as alternate to Mr. Liu Naiyue	30 May 2023

## **SHARE OPTION SCHEME**

A share option scheme was conditionally adopted on 12 December 2019 (the “**Share Option Scheme**”), which became effective on the Listing Date. The Share Option Scheme is a share incentive scheme and is established to reward the contributions that the eligible participants (as defined in the Prospectus) (including but not limited to any employee, director, supplier, customer, adviser, consultant, shareholder, partner or joint-venture partner of the Group or any entity in which any member of the Group holds an equity interest) had or may have made to the Group. Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 100,000,000 Shares) unless approved by the Shareholders and the total number of the Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being unless approved by the Shareholders. Subject to early termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. The remaining life of the Share Option Scheme is approximately 6 years and 4 months. An option may be accepted by a participant within 21 days from the date of the offer of a grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange’s daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share. Further details of the Share Option Scheme are set out in the section headed “Share Option Scheme” in Appendix IV to the Prospectus.

No share options had been granted, agreed to be granted, exercised, cancelled, expired or lapsed under the Share Option Scheme as at the date of this announcement. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at the date of this announcement. The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme was 100,000,000 Shares, representing approximately 9.64% of the issued share capital of the Company as at the date of this announcement.

## **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

Save as disclosed in this announcement, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## **REVIEW BY AUDIT COMMITTEE**

The audit committee (the “**Audit Committee**”) of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Zhong Mingshan (Chairman), Mr. Xu Zongzheng and Mr. Xian Guoming.

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

Hong Kong, 29 August 2023

*As at the date of this announcement, the Board comprises Mr. Liu Naiyue, Ms. Cai Xiaoxin, Ms. Liu Peiyao, Ms. Li Fang, Mr. Liu Tieqiang 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 translations of terms or names in Chinese which are marked with “\*” are for identification purpose only.*