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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2023 increased by approximately 1,438.2% to approximately RMB62.9 million from approximately RMB4.1 million for the year ended 31 December 2022.

- Gross loss for the year ended 31 December 2023 increased by approximately 59.1% to gross loss of approximately RMB61.1 million from approximately RMB38.4 million for the year ended 31 December 2022.

- Net loss for the year ended 31 December 2023 decreased by approximately 29.7% to loss of approximately RMB99.4 million from approximately RMB141.5 million for the year ended 31 December 2022.

- Basic and diluted loss per share for the year ended 31 December 2023 was approximately RMB(9.58) cents (2022: RMB(13.64) cents).

- The Board does not recommend the payment of final dividends in respect of the year ended 31 December 2023.

The board (the "**Board**") of directors (the "**Directors**") of Values Cultural Investment Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022. The annual results of the Company for the year ended 31 December 2023 had been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
REVENUE	*5*	**62,914**	4,090
Cost of sales	*6*	**(124,010)**	(42,495)
Gross loss		**(61,096)**	(38,405)
Other income and gains	*5*	**1,075**	820
Selling and distribution expenses		**(4,348)**	(1,233)
Administrative expenses		**(14,374)**	(13,134)
Impairment losses on financial assets		**(12,396)**	(70,504)
Finance costs	*7*	**(346)**	(39)
Share of losses of an associate		**(1,142)**	–
Other expenses		**(6,535)**	(5,957)
LOSS BEFORE TAX	*6*	**(99,162)**	(128,452)
Income tax expense	*8*	**(282)**	(13,036)
LOSS FOR THE YEAR		**(99,444)**	(141,488)
Attributable to:			
Owners of the parent		**(99,444)**	(141,488)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year	*10*	**(RMB9.58 cents)**	(RMB13.64 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(99,444)**	(141,488)
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(955)**	(4,870)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(955)**	(4,870)
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	**1,250**	7,457
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**1,250**	7,457
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**295**	2,587
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(99,149)**	(138,901)
Attributable to:		
Owners of the parent	**(99,149)**	(138,901)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**163**	159
Prepayments, other receivables and other assets		**38**	64
Right-of-use assets		**145**	1,017
Investments in an associate		**5,858**	7,000
Total non-current assets		**6,204**	8,240
CURRENT ASSETS			
Inventories	*11*	**72,412**	135,063
Trade and notes receivables	*12*	**52,845**	39,464
Prepayments, other receivables and other assets		**30,466**	80,221
Cash and cash equivalents		**42,673**	39,050
Total current assets		**198,396**	293,798
CURRENT LIABILITIES			
Trade payables	*13*	**8,078**	2,863
Other payables and accruals		**7,580**	15,106
Interest-bearing borrowings		**2,480**	–
Tax payable		**7,838**	7,606
Financial liabilities at fair value through profit or loss		**290**	–
Lease liabilities		**–**	883
Total current liabilities		**26,266**	26,458
NET CURRENT ASSETS		**172,130**	267,340
TOTAL ASSETS LESS CURRENT LIABILITIES		**178,334**	275,580
NON-CURRENT LIABILITIES			
Other payables and accruals		**1,903**	–
Total non-current liabilities		**1,903**	–
Net assets		**176,431**	275,580
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**36**	36
Reserves		**176,395**	275,544
Total equity		**176,431**	275,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 11 March 2019. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in the production, distribution and licensing of broadcasting rights of television series ("**TV series**").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to statement of profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 And HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are escribed 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(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.

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

Information about major customers

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

	2023	2022
	RMB'000	*RMB'000*
Customer 1	**14,997**	N/A*
Customer 2	**14,119**	N/A*
Customer 3	**9,340**	N/A*
Customer 4	**7,800**	N/A*
Customer 5	**N/A***	3,021
Customer 6	**N/A***	3,311
Customer 7	**N/A***	827

* The revenue of the corresponding customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the reporting periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**42,682**	3,174
Revenue from other sources		
Net licence fee received from investments in TV or web series as non-executive producer	**14,917**	916
Net investment income received from investments in web series without share of copyrights	**5,315**	–
	20,232	916
Total Revenue	**62,914**	4,090

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Type of service		
Licensing of broadcasting rights of TV or web series	**42,682**	3,174

Geographical markets

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

Timing of revenue recognition

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

(b) Performance obligations

Licensing of broadcasting rights of TV or web series

The performance obligation of licensing of broadcasting rights of TV or web series is satisfied upon granting of the broadcasting rights of TV or web series to customers after the approval from NRTA or receipt of the licence for distribution of TV series from provincial counterpart of NRTA.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**395**	532
After one year	**2,878**	965
Total	**3,273**	1,497

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licensing of broadcasting rights, of which the performance obligations are to be satisfied within ten years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Government grants		
– related to income *(note (a))*	**894**	126
Bank interest income	**45**	246
Others	**136**	448
Total other income and gains	**1,075**	820

Note:

(a) The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

6. LOSS BEFORE TAX

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

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Cost of inventories sold*		**106,345**	7,239
Depreciation of property, plant and equipment		**97**	87
Depreciation of right-of-use assets		**872**	727
Auditor's remuneration		**1,313**	1,319
Minimum lease payments under lease exemption		**276**	469
Government grants	*5*	**(894)**	(126)
Bank interest income	*5*	**(45)**	(246)
Share of loss of an associate		**1,142**	–
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**3,670**	3,633
Pension scheme contributions**		**650**	404
Staff welfare expenses		**308**	260
Total		**4,628**	4,297
Write-down of inventories to net realisable value*		**17,665**	35,256
Impairment of trade receivables	*12*	**12,396**	70,504
Impairment of prepayments under the co-investment arrangement with copyrights		**6,490**	4,516

* *Write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.*

** *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions*

7. FINANCE COSTS

	2023 **RMB'000**	2022 *RMB'000*
Interest on borrowings	**329**	–
Interest on lease liabilities	**17**	39
Total	**346**	39

8. 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 major components of the income tax expense of the Group during the year are analysed as follows:

	2023	2022
	RMB'000	*RMB'000*
Current – Chinese Mainland		
Charge for the year	**206**	–
Overprovision in prior years	**76**	–
Deferred tax	**–**	13,036
Total tax charge for the year	**282**	13,036

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on this subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year.

The provision for current income tax in Chinese Mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

As stipulated in Cai Shui [2011] No.112, enterprises newly established in Xin Jiang Kashgar/Khorgas special economic areas during the period from 2010 to 2020 could enjoy Enterprise Income Tax ("**EIT**") exemption for five years starting from the year under which the first revenue was generated. As stipulated in Cai Shui [2021] No.27, The aforementioned policy had be extended by 2030. Xinjiang Values and Khorgas Values enjoyed the benefit under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》. According to Preferential Filing Record of EIT《企業所得稅優惠事項備案表》, Khorgas Values obtained the approval from the PRC tax bureau for the entitlement of EIT exemption from 1 January 2017 to 31 December 2021, Xinjiang Values registered with the PRC tax bureau for the entitlement of EIT exemption from 1 July 2018 to 31 December 2022, and Khorgas Ming Yao registered with the PRC tax bureau for the entitlement of EIT exemption from 1 October 2020 to 31 December 2024.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(99,162)**	(128,452)
Tax at the statutory tax rate of 25% in Chinese Mainland	**(24,791)**	(32,113)
Effect of tax rate differences in other jurisdictions	**397**	574
Adjustment to current income taxes for previous periods	**76**	–
Effect of expenses not deductible for tax	**717**	665
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**–**	(1,088)
Losses attributable to an associate	**286**	–
Deductible temporary difference and tax losses not recognised	**23,597**	44,998
Tax expense at the Group's effective tax rate	**282**	13,036
Effective tax rate	**N/A**	N/A

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2022: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB99,444,000 (2022: RMB141,488,000), and the weighted average number of ordinary shares of 1,037,500,000 (2022: 1,037,500,000) in issue during the year.

The calculation of basic earnings per share is based on:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(99,444)**	(141,488)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,037,500,000**	1,037,500,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

11. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**9,030**	17,337
Working in progress	**–**	79,136
Finished goods	**63,382**	38,590
Total	**72,412**	135,063

12. TRADE AND NOTES RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**179,505**	149,807
Notes receivable	**–**	5,426
Impairment	**(126,660)**	(115,769)
Net carrying amount	**52,845**	39,464

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 365 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**30,328**	488
3 to 6 months	**768**	6,277
6 to 12 months	**–**	487
1 to 2 years	**4,989**	26,786
2 to 3 years	**16,760**	–
Total	**52,845**	34,038

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**115,769**	45,265
Impairment losses, net (note 6)	**12,396**	70,504
Amount written off as uncollectible	**(1,505)**	–
At end of year	**126,660**	115,769

The increase in the loss allowance of RMB10,891,000 (2022: RMB70,504,000) was due to an increase of trade receivables which were aged over 2 years and past due.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing period and days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**10.23%**	**25.12%**	**43.21%**	**100.00%**	**70.56%**
Gross carrying amount *(RMB'000)*	**34,640**	**6,663**	**29,513**	**108,689**	**179,505**
Expected credit losses *(RMB'000)*	**3,544**	**1,674**	**12,753**	**108,689**	**126,660**

As at 31 December 2022

	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	7.17%	11.08%	100.00%	100.00%	77.28%
Gross carrying amount *(RMB'000)*	7,812	30,123	84,216	27,656	149,807
Expected credit losses *(RMB'000)*	560	3,337	84,216	27,656	115,769

13. 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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**5,452**	–
3 to 6 months	**–**	2,626
6 to 12 months	**–**	–
1 to 2 years	**2,626**	237
	8,078	2,863

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

14. SHARE CAPITAL

	2023	2022
Authorised:		
10,000,000,000 ordinary shares of US$0.000005 each		
US$'000	**50**	50
RMB'000	**336**	336
Issued and fully paid:		
1,037,500,000 ordinary shares of US$0.000005 each (2022: US$0.000005)		
US$'000	**5**	5
RMB'000	**36**	36

15. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

16. COMMITMENTS

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

	2023	2022
	RMB'000	*RMB'000*
Investment under co-financing arrangements	**73,000**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the business of (i) licensing of broadcasting rights of TV or web 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 production of web series and online films in view of their growing popularity.

During the Reporting Period, the Group recorded a total revenue of approximately RMB62.9 million, which increased by approximately 1,438.2% as compared with approximately RMB4.1 million for the corresponding period last year, among which, revenue from licensing of broadcasting rights of TV or web series was approximately RMB42.7 million, which increased by approximately 1,244.7% when compared with approximately RMB3.2 million for the corresponding period last year; revenue from net licence fee received from investments in TV or web series as non-executive producer was approximately RMB14.9 million, an increase of approximately 1,528.5% compared to approximately RMB0.9 million for the corresponding period last year; revenue from net investment income received from investments in web series without share of copyrights was approximately RMB5.3 million, an increase of 100.0% compared to nil for the corresponding period last year.

In relation to the category of revenue named "net investment income received from investments in web series without share of copyrights", for certain arrangements in which the Group acts as executive producer, the co-investors (or non-executive producers) are not entitled to any share of copyrights in web series, but are entitled to the share of the licensing revenue based on their investment proportion. The respective copyrights are retained by the Group. The amounts received from such co-investors are recognised as financial liabilities at fair value through profit or loss as the Group is obliged to share the respective licensing revenue. For other arrangements in which the Group acts as non-executive producer and is not entitled to the share of copyrights but is only entitled to the share of the licensing revenue based on the investment proportion, the amount paid by the Group to the executive producer is recognised as financial assets with subsequent changes in fair value recognised in profit or loss.

The significant increase in revenue was mainly brought by the successful broadcasting of various TV series and web series during the Reporting Period in which the Group has acted as executive producer and non-executive producer. Nonetheless, the Group has recorded net loss during the Reporting Period primarily due to the volatility of the market and economy in the PRC which caused the substantial decrease in the licence fee of TV series that TV stations have offered during the Reporting Period as compared to that in the previous years. As a result, the Group has taken the view that the net realizable values of inventories will accordingly decrease and hence, the Group has written down the inventories to net realisable value. Therefore, the costs have increased and contributed to the net loss during the Reporting Period. Despite the volatile market and economy, the Group has strived to achieve an increase in revenue which has contributed to the decrease in net loss during the Reporting Period compared to the corresponding period last year.

During the Reporting Period, the Group broadcasted a self-produced TV series in September 2023. Moreover, the Group obtained government approval in the second half of 2023 for another self-produced TV series and has been negotiating with TV stations. Regarding a TV series that the Group acts as non-executive producer, it was broadcast on CCTV, a second-tier TV station and a third-tier TV station in October 2023 and November 2023. The Group has also decided to invest in a new TV series as non-executive producer. The shooting of this TV series has commenced since January 2024.

During the Reporting Period, two web series that the Group acts as executive producer were respectively broadcast in March 2023 and August 2023. Other two web series which the Group acts as non-executive producer were respectively broadcast in February 2023 and October 2023. Regarding the other three web series that the Group has invested in as non-executive producer, the Group has been negotiating with the respective online video platforms.

Regarding the film trilogy that the Group acts as executive producer, the Group has been negotiating with the movie channel of CCTV with respect to the terms of licensing.

Looking forward, we expect that the market situation will slightly improve in the coming year due to the post-pandemic resumption of economic activities. However, the improvement is expected to be slow and the market condition is expected to remain difficult. 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 web series and TV series.

FINANCIAL REVIEW

Revenue

For the years ended 31 December 2022 and 2023, all of our revenue was generated from customers located in the PRC. The following table sets forth a breakdown of our revenue by business segments for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Licensing of broadcasting rights of TV or web series	**42,682**	3,174
Revenue from other sources		
Net licence fee received from investments in TV or web series as non-executive producer	**14,917**	916
Net investment income received from investments in web series without share of copyrights	**5,315**	–
	62,914	4,090

Our total revenue increased by approximately 1,438.2% from approximately RMB4.1 million for the year ended 31 December 2022 to approximately RMB62.9 million for the year ended 31 December 2023, mainly due to the successful broadcasting of our self-produced and invested TV series and web series.

Revenue by business segments

(i) Licensing of broadcasting rights of TV or web series

Revenue generated from licensing of broadcasting rights of TV or web series increased by approximately 1,244.7% from approximately RMB3.2 million for the year ended 31 December 2022 to approximately RMB42.7 million for the year ended 31 December 2023, primarily due to the successful broadcasting of our self-produced TV series and web series.

The following table sets forth a breakdown of our revenue from licensing of the broadcasting rights of TV or web series in which the Group acted as executive producer or purchased copyrights (or broadcasting rights) in absolute amounts and as percentages for the years ended 31 December 2022 and 2023:

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Acted as executive producer	**42,682**	**100.0**	951	30.0
Licensed purchased copyrights (or broadcasting rights)	**–**	**–**	2,223	70.0
	42,682	**100.0**	3,174	100.0

(ii) Net licence fee received from investments in TV or web series as non-executive producer

During the year ended 31 December 2023, we mainly generated net licence fee received from investments in TV or web series as non-executive producer from the TV series The Pearl River Family*（珠江人家）and the web series Closer To You II*（我的刺猬女孩之念念不忘）.

(iii) Net investment income received from investments in web series without share of copyrights

During the year ended 31 December 2023, we mainly generated net investment income received from investments in web series without share of copyrights from the net investment income of You From The Future*（來自未來的你）.

Cost of Sales

The following table sets forth our cost of sales by business segment for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Licensing of broadcasting rights of TV or web series	**86,820**	35,510
Investments in TV or web series as non-executive producer	**37,190**	6,985
	124,010	42,495

Our cost of sales increased by approximately 191.8% from approximately RMB42.5 million for the year ended 31 December 2022 to approximately RMB124.0 million for the year ended 31 December 2023, primarily due to the increase in cost of licensing of broadcasting rights of TV or web series.

For the business segment of licensing of broadcasting rights of TV or web series, the cost of sales increased by approximately 144.5% from approximately RMB35.5 million for the year ended 31 December 2022 to approximately RMB86.8 million for the year ended 31 December 2023, primarily due to the increase in revenue and the recognition of impairment loss of scripts which were terminated by the Group and the impairment loss of finished TV series as a result of forecasted decrease in selling prices.

For the business segment of investments in TV or web series as non-executive producer, the cost of sales increased by approximately 432.4% from approximately RMB7.0 million for the year ended 31 December 2022 to approximately RMB37.2 million for the year ended 31 December 2023, primarily due to the increase in revenue from investments in TV or web series as non-executive producer.

Gross profit and gross profit margin

Our gross loss increased by approximately 59.1% from gross loss of approximately RMB38.4 million for the year ended 31 December 2022 to gross loss of approximately RMB61.1 million for the year ended 31 December 2023, primarily due to the increase in revenue and the impairment loss of inventories.

Our gross loss margin decreased from approximately (939.0%) for the year ended 31 December 2022 to approximately (97.1%) for the year ended 31 December 2023.

The following table sets forth a breakdown of our gross loss and gross loss margin by business segments for the years ended 31 December 2022 and 2023:

	2023		2022	
	RMB'000	***Margin %***	*RMB'000*	*Margin %*
Licensing of broadcasting rights of TV or web series	**(44,138)**	**(103.4)**	(32,336)	(1,018.8)
Net licence fee received from investments in TV or web series as non-executive producer	**(22,273)**	**(149.3)**	(6,069)	(662.6)
Net investment income received from investments in web series without share of copyrights	**5,315**	**100.0**	–	–
	(61,096)	**(97.1)**	(38,405)	(939.0)

(i) Licensing of broadcasting rights of TV or web series

The gross loss margin for the licensing of broadcasting rights of TV or web series segment decreased from approximately (1,018.8%) for the year ended 31 December 2022 to approximately (103.4%) for the year ended 31 December 2023, primarily due to increase in revenue generated from licensing of broadcasting rights of TV or web series.

The following table sets forth a breakdown of our gross loss and gross loss margin of TV or web series in which we acted as executive producer, or purchased copyrights (or broadcasting rights) in the business segment of licensing of broadcasting rights of TV or web series for the years ended 31 December 2022 and 2023:

	2023		2022	
	RMB'000	***Margin %***	*RMB'000*	*Margin %*
Acted as executive producer	**(44,138)**	**(103.4)**	(28,086)	(2,953.3)
Licensed purchased copyrights (or broadcasting rights)	**–**	**–**	(4,250)	(191.2)
	(44,138)	**(103.4)**	(32,336)	(1,018.8)

(ii) Net licence fee received from investments in TV or web series as non-executive producer

The gross loss margin for the net licence fee received from investments in TV or web series as non-executive producer for the year ended 31 December 2023 is approximately (149.3%), which decreased from approximately (662.6%) for the year ended 31 December 2022, the decrease was mainly resulted from the increase in revenue from investments in TV or web series as non-executive producer.

(iii) Net investment income received from investments in web series without share of copyrights

The gross profit margin for the net investment income received from investments in web series without share of copyrights for the year ended 31 December 2023 is 100%, which was mainly resulted from net investment income of You From The Future*（來自未來的你）.

Other income and gains

The following table sets forth a breakdown of our other income and gain for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Government grants – related to income	**894**	126
Bank interest income	**45**	246
Others	**136**	448
	1,075	820

Our other income and gains increased by approximately 31.1% from approximately RMB0.8 million for the year ended 31 December 2022 to approximately RMB1.1 million for the year ended 31 December 2023, mainly because of increase in government grants.

Selling and distribution expenses

The following table sets forth a breakdown of our selling and distribution expenses for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Advertising and marketing expenses	**3,070**	52
Staff costs	**1,087**	1,059
Entertainment and travelling expenses	**191**	122
	4,348	1,233

Our selling and distribution expenses increased by approximately 252.6% from approximately RMB1.2 million for the year ended 31 December 2022 to approximately RMB4.3 million for the year ended 31 December 2023, mainly because of increase in advertising and marketing expenses.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Staff costs	**5,374**	5,392
Entertainment and travelling expenses	**2,523**	1,161
Auditor's remuneration	**1,313**	1,319
Professional service fees	**3,424**	3,347
Office related expenses	**1,533**	1,646
Others	**207**	269
	14,374	13,134

Our administrative expenses increased by approximately 9.4% from approximately RMB13.1 million for the year ended 31 December 2022 to approximately RMB14.4 million for the year ended 31 December 2023, primarily due to increase in the entertainment and travelling expenses.

Impairment losses on financial assets

We recorded impairment loss on financial assets amounting to approximately RMB12.4 million. The recognition of impairment provision was primarily due to the increase in long outstanding trade receivables by our certain customers as at 31 December 2023.

Finance costs

The following table sets forth a breakdown of our finance costs for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Interest on borrowings	**329**	–
Interest on lease liabilities	**17**	39
	346	39

Income tax expense

The following table sets forth the major components of our income tax expense for the years ended 31 December 2022 and 2023:

	2023	2022
	RMB'000	*RMB'000*
Current – Mainland China Charge for the year	**206**	–
Current – Overprovision in prior years	**76**	–
Deferred Tax	**–**	13,036
Total tax charge for the year	**282**	13,036

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(99,162)**	(128,452)
Tax at the statutory tax rate of 25% in Mainland China	**(24,791)**	(32,113)
Adjustment to current income taxes for previous periods	**76**	–
Effect of tax rate differences in other jurisdiction	**397**	574
Effect of expenses not deductible for tax	**717**	665
Loss attributable to an associate	**286**	–
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**–**	(1,088)
Deductible temporary difference and tax losses not recognised	**23,597**	44,998
Tax charge at the Group's effective tax rate	**282**	13,036

Loss for the year and net loss margin

As a result of the foregoing, our net loss decreased by approximately 29.7% from loss of approximately RMB141.5 million for the year ended 31 December 2022 to loss of approximately RMB99.4 million for the year ended 31 December 2023. Our net loss margin decreased from approximately negative 3,459.4% for the year ended 31 December 2022 to approximately negative 158.1% for the year ended 31 December 2023.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividends by the Company for the year ended 31 December 2023 (2022: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

Capital Structure

As at 31 December 2023, the number of issued shares of the Company was 1,037,500,000 (31 December 2022: 1,037,500,000).

Net Current Assets

As at 31 December 2023, the Group reported net current assets of approximately RMB172.1 million (2022: RMB267.3 million). As at 31 December 2023, the Group's cash and bank balances was approximately RMB42.7 million, representing an increase of approximately RMB3.6 million as compared to approximately RMB39.1 million as at 31 December 2022.

Key Financial Ratios

Return on Equity

The return on equity decreased from approximately (41.0%) for the year ended 31 December 2022 to approximately (44.0%) for the year ended 31 December 2023.

Return on Total Assets

The return on total assets decreased from approximately (38.3%) for the year ended 31 December 2022 to approximately (39.3%) for the year ended 31 December 2023.

Current Ratio

The Group's current ratio decreased from approximately 11.1 times as at 31 December 2022 to approximately 7.6 times as at 31 December 2023.

Gearing Ratio

The Group's gearing ratio is 1.41% as at 31 December 2023 (2022: 0.32%).

Capital Expenditure

Our capital expenditures primarily consist of expenditures for purchases of electronic equipment, office equipment and leasehold improvements.

The Group did not have significant capital expenditure during the years ended 31 December 2022 and 2023.

OTHER COMMITMENTS

Details of significant commitments at the end of the Reporting Period as set out in note 16 to the consolidated financial statements (31 December 2022: Nil).

MAJOR ACQUISITIONS AND DISPOSALS

The Group did not have any major acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

CONTINGENT LIABILITY

As at 31 December 2023, the Group did not have any material contingent liabilities.

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.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any immediate plans for material investment and capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 31 December 2023, the Group had no pledge of assets (2022: nil).

FOREIGN CURRENCY RISK

In the year ended 31 December 2023, all of our revenue were generated from customers located in the PRC, and were denominated in RMB. 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. In the year ended 31 December 2023, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 22 (2022: 22) full-time employees, excluding the Directors, who are all located in the PRC.

The Group offers employees competitive salaries, discretionary bonus and other incentives. 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 the increased employee productivity. As required by the PRC regulations, we participate in various employee benefit plans 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 (the "**Retirement Benefit Scheme**") 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 believes that it maintain a positive working relationship with its employees.

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. There was no outstanding contribution to the MPF Scheme and Retirement Benefit Scheme at 31 December 2023 and 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above and in the section headed "Management Discussion and Analysis" of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Shares have been listed on the Stock Exchange since the Listing Date. 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 C1 of 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 applicable to the Company with effect from the Listing Date. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2023 and up to the date of this announcement.

Code Provision C.1.6 of the CG Code

Pursuant to C.1.6 of the CG Code, independent non-executive Directors and non-executive Directors should attend the annual general meeting of the Company to gain and develop a balanced understanding of the views of the shareholders. The non-executive Directors, Mr. Shao Hui and Ms. Shen Yi and the 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 business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the year ended 31 December 2023 and up to the date of this announcement.

The Company has also established written guidelines regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The annual results of the Company for the year ended 31 December 2023 had been reviewed by the Audit Committee, which consists of three independent non-executive Directors of the Company, namely Mr. Zhong Mingshan, Mr. Xian Guoming and Mr. Xu Zongzheng, with Mr. Zhong Mingshan as the chairman of the Audit Committee.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 30 May 2024, the notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's Articles of Association and the Listing Rules.

PUBLICATION OF THE 2023 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.yuanshimedia.com). The Company's annual report for the year ended 31 December 2023 will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company. Should the Shareholders have any difficulties in accessing the corporate communications electronically, please request the printed report, free of charge, at any time by writing to the Company or Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Share Registrar.

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the forthcoming annual general meeting to be held on 30 May 2024, the register of members of the Company will be closed from 27 May 2024 to 30 May 2024 (both days inclusive), during which no transfer of Shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates are lodged with the Company's Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 May 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal controls to safeguard our business and asset at all times.

The Group has established risk management procedures to address and handle the all significant risks associated with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include politics, economy, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;

– Risk avoidance: change business process or objective so as to avoid the risk;

– Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

– Risk transfer: transfer ownership and liability to a third party.

The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the financial, operational and compliance controls, and the risk management and internal control systems and reports the review results to the Board on an annual basis. Such procedures are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review report showed that the Group maintained an effective internal control system and no major control deficiency had been identified during the year ended 31 December 2023. The scope and findings of the review had been reported to and reviewed by the Audit Committee. The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies, and considers that the current internal control systems of the Company are effective and adequate and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under D.2.1 to D.2.7 and D.3.3 of the CG Code relating to risk management and internal control.

To facilitate the management and standardization of internal operation, the Company has regulations in place that specify the responsibilities and scopes of anti-corruption works. Anti-corruption policy has been adopted and all employees of the Group have been required to strictly abide them. To encourage employees to report the improprieties they found or suspected, the Company has established appropriate whistleblowing procedures pursuant to its whistleblowing policy so as to provide a secure and fully confidential environment for employees to report the improprieties that they genuinely concerned.

SCOPE OF WORK OF THE AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the board comprises Mr. Liu Naiyue, Ms. Cai Xiaoxin, Ms. Li Fang, Mr. Qu Guohui, Mr. Liu Tieqiang and Ms. Liu Peiyao as executive Directors; Mr. Shao Hui and Ms. Shen Yi as non-executive Directors; and 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.*