S. CULTURE INTERNATIONAL HOLDINGS LIMITED

港大零售國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1255)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by S. Culture International Holdings Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders and potential investors of the Company that based on its preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (the "**Year**") and information currently available, it is expected that the Group will record a net loss in the range of HK$67 million to HK$75 million for the Year as compared to a net profit of approximately HK$6 million for the corresponding year in 2018.

The expected net loss for the Year was mainly attributable to (1) the retail operation of the Group being affected by the economic downturn induced by the external environment. It is expected that the sales revenue of the Group for the Year decreased by approximately 20% when compared to the last year, and the consolidated gross profit reduced by approximately 14%. In the meantime, the Group recorded impairment loss of assets for the Year, including but not limited to the allowance for inventories of footwear products and right-of-use assets, ranging from approximately HK$5 million to HK$7 million; and (2) for prudence sake, the Group will write down its material goodwill arising from the acquisition ("**goodwill write down**") according to the estimated valuation analysis on the financial business segment of the Group carried out by a third-party organization, in accordance with the applicable accounting standards. The amount of goodwill write down is expected to be between HK$30 million and HK$35 million. The Board would like to emphasize that the goodwill write down is an one-off and non-cash item, and has no effect on the cashflow of the Group.

Since 2018, the Group has diversified its business operation through acquisitions. Currently the Group is at the critical period of its strategic transformation. A new business framework established upon its internet medical business and healthcare business is beginning to emerge, and a transformation to the Group will be carried out by utilizing the Internet model, so as to realize a collaboration between its online and offline modes. Thus, the internet medical business and healthcare business will become important pillars of the Group, and the Group will transform itself gradually and form an industry chain of big health, and generate a better return for the shareholders of the Company.

The information contained in this announcement is only based on the preliminary review by the management of the Company, and is not based on any figures or information audited or reviewed by the Company's auditor or the audit committee of the Company. Those information are subject to finalization, and if there are any obvious discrepancies between the finalized information and the estimates contained in this announcement, the latest information will be provided by the Company in due course. Shareholders and potential investors of the Company should read the Company's audited consolidated results announcement for the Year carefully, which is expected to be published by the end of March 2020.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
S. CULTURE INTERNATIONAL HOLDINGS LIMITED
Yang Jun
Chairman

Hong Kong, 16 March 2020

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Yang Jun and Mr. Zhu Fangming; five non-executive Directors, namely, Mr. Lin Zheming, Mr. Law Fei Shing, Mr. Lin Jun, Mr. Chu Chun Ho, Dominic and Mr. Chen Anhua; and three independent non-executive Directors, namely, Mr. Xie Rongxing, Mr. Chen Huigang and Mr. Lum Pak Sum.