

SHAW BROTHERS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 0080)

2004/2005 INTERIM RESULTS ANNOUNCEMENT

The Directors of Shaw Brothers (Hong Kong) Limited (the “Company”) are pleased to announce the Group’s unaudited interim results for the six months ended 30th September 2004, the details of which are given below. These results have been reviewed by the Audit Committee of the Board of Directors who have in their review accepted the unaudited published accounts of Television Broadcasts Limited for the six months ended 30th June 2004 which have been included in the Group’s accounts.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2004

		Unaudited	
		Six months ended	
		30th September	
		2004	2003
	Note	HK\$'000	HK\$'000
Turnover	2	46,096	25,127
Cost of sales		(24,374)	(11,048)
Gross profit		21,722	14,079
Other revenues	3	5,862	7,408
Selling and distribution expenses		(1,430)	(724)
Property related expenses		(3,801)	(3,937)
General and administrative expenses		(9,621)	(10,180)
Other operating expenses		(10,949)	(9,849)
Operating profit/(loss)	4	1,783	(3,203)
Share of profits less losses of associated companies		66,675	44,165
Profit before taxation		68,458	40,962
Taxation	5	(11,119)	(5,218)
Profit attributable to shareholders		57,339	35,744
Interim dividend		19,920	19,920
Interim dividend per share		HK\$0.05	HK\$0.05
Earnings per share	6	HK\$0.14	HK\$0.09

Notes:

1. Basis of preparation and accounting policies

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

These condensed accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31st March 2004.

2. Segment information

An analysis of the Group's revenues and contributions for the period by business segments is as follows:

	Six months ended 30th September 2004				
	Property rental <i>HK\$'000</i>	Film distribution <i>HK\$'000</i>	Filming facilities services <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Group total <i>HK\$'000</i>
Turnover (<i>Note</i>)	<u>8,930</u>	<u>11,661</u>	<u>25,505</u>	<u>-</u>	<u>46,096</u>
Segment results	<u>6,263</u>	<u>1,125</u>	<u>1,228</u>	<u>(2,650)</u>	<u>5,966</u>
Unallocated items					<u>(4,183)</u>
Operating profit					<u>1,783</u>
Share of profits less losses of associated companies	-	-	-	66,675	<u>66,675</u>
Profit before taxation					<u>68,458</u>
Taxation					<u>(11,119)</u>
Profit attributable to shareholders					<u>57,339</u>

Note:

Turnover is after eliminating inter-segment transactions amounting to HK\$835,000 attributable to filming facilities services.

	Six months ended 30th September 2003				
	Property rental <i>HK\$'000</i>	Film distribution <i>HK\$'000</i>	Filming facilities services <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Group total <i>HK\$'000</i>
Turnover (<i>Note</i>)	<u>8,927</u>	<u>2,762</u>	<u>13,438</u>	<u>-</u>	<u>25,127</u>
Segment results	<u>6,250</u>	<u>(899)</u>	<u>(2,935)</u>	<u>(2,607)</u>	<u>(191)</u>
Unallocated items					<u>(3,012)</u>
Operating loss					<u>(3,203)</u>
Share of profits less losses of associated companies	-	-	-	44,165	<u>44,165</u>
Profit before taxation					<u>40,962</u>
Taxation					<u>(5,218)</u>
Profit attributable to shareholders					<u>35,744</u>

Note:

Turnover is after eliminating inter-segment transactions amounting to HK\$321,000 attributable to filming facilities services.

An analysis of the Group's revenues and contributions for the period by geographical segments is as follows:

	Turnover		Operating profit/(loss)	
	Six months ended		Six months ended	
	30th September		30th September	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	39,311	24,361	724	(3,156)
South East Asia	6,545	610	988	(50)
USA	180	–	47	–
Others	60	156	24	3
	<u>46,096</u>	<u>25,127</u>	<u>1,783</u>	<u>(3,203)</u>

3. Other revenues

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
Management fee income	4,374	4,623
Interest income	527	2,024
Others	961	761
	<u>5,862</u>	<u>7,408</u>

4. Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	Six months ended	
	30th September	
	2004	2003
	HK\$'000	HK\$'000
<u>Crediting</u>		
Gross rental income less outgoings	<u>8,773</u>	<u>8,735</u>
<u>Charging</u>		
Depreciation charge	10,101	10,344
Net amount realised/(capitalised) to inventories	<u>525</u>	<u>(2,274)</u>
	<u>10,626</u>	<u>8,070</u>
Amortisation of released films	9,331	2,789
Staff costs	17,493	15,864
Operating leases – land and buildings	<u>232</u>	<u>232</u>

5. Taxation

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the period (2003: nil). Tax on overseas profits has been calculated, where applicable, at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended 30th September	
	2004	2003
	HK\$'000	HK\$'000
Company and subsidiaries:		
Under provisions in prior periods	—	1,091
Associated companies:		
Hong Kong profits tax	979	1,585
Overseas taxation	5,286	1,054
Under provisions in prior periods	29	66
Deferred taxation	4,825	1,422
	<u>11,119</u>	<u>4,127</u>
	<u>11,119</u>	<u>5,218</u>

6. Earnings per share

The calculation of earnings per share is based on earnings for the period of HK\$57,339,000 (2003: HK\$35,744,000) and on 398,390,400 ordinary shares in issue throughout the two six-month periods ended 30th September 2004 and 2003.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5.0 cents per ordinary share, payable on 26th January 2005 to shareholders whose names appear on the Register of Members of the Company on that date, and will absorb HK\$19,919,520.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Saturday, 8th January 2005 to Wednesday, 26th January 2005, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Friday, 7th January 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Rental

Property rental income was mainly derived from leasing office premises to our associated company, Television Broadcasts Limited.

Filming Facilities Services

Filming facilities services comprise Film Remastering and Film Processing Centres, and the contribution during the period was HK\$1,228,000, in line with expectations.

Redevelopment Of Clearwater Bay Site

Preliminary agreement has been reached, subject to contract, between SCMP Group and the Company consequent to which a request has been made jointly to the Town Planning Board to re-activate consideration of the Master Layout Plan submitted in October 2002, subject to further minor amendments.

Associated Companies

Due to robust growth in advertising revenues during January to June 2004, the contribution after taxation from Television Broadcasts Limited to Group profits during the period increased by 40%.

Movie City Project

The Movie City is expected to come into operation in phases starting from the end of first quarter of 2005.

Financial

The Group had no significant external borrowing and none of the Group's assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the period.

Contingent Liabilities

As at 30th September 2004, the Group and the Company did not have any significant contingent liabilities.

Exposure To Fluctuations In Exchange Rates

As the majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong Dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2004, the Group employed a total of 186 full time employees, all in Hong Kong. During the period under review, there was no significant change in the Group's remuneration policies.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2004, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

Throughout the six months ended 30th September 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's Interim Report and unaudited condensed accounts for the six months ended 30th September 2004.

Run Run Shaw
Executive Chairman

Hong Kong, 1st December 2004

The interim report of the Company for the six months ended 30th September 2004 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules in force prior to 31st March 2004, which remain applicable to results announcement in respect of accounting periods commencing before 1st July 2004 under the transitional arrangements, will be published on The Stock Exchange of Hong Kong Limited's website within 14 days from the date of this announcement.

As at the date of this announcement, the Board comprises of:

Executive Directors:

Sir Run Run Shaw, GBM (Executive Chairman)
Mona Fong (Deputy Chairperson and Managing Director)
Louis Page
Jeremiah Rajakulendran

Independent Non-executive Directors:

The Hon. Sir Ti-liang Yang, GBM; JP
Dr. Yei-ching Chow
Julie Yuk-shun Ng
Nelson Hon-sang Chiu

Please also refer to the published version of this announcement in The Standard.