

SHAW BROTHERS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0080)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007 INTERIM DIVIDEND FOR 2007/2008 AND CLOSURE OF BOOKS

The Directors of Shaw Brothers (Hong Kong) Limited (the “Company”) are pleased to announce the Group’s unaudited consolidated interim results for the six months ended 30th September 2007, 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 consolidated financial information of Television Broadcasts Limited for the six months ended 30th June 2007 which have been included in the Group’s financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

		Unaudited Six months ended 30th September	
	Note	2007 HK\$'000	As restated 2006 HK\$'000
Turnover		21,655	20,141
Cost of sales		(13,721)	(11,268)
Gross profit		7,934	8,873
Other income	3	12,000	10,273
Selling and distribution expenses		(189)	(252)
General and administrative expenses		(13,470)	(15,530)
Other operating expenses		(10,240)	(10,436)
Share of profits less losses of associates		123,475	120,040
Profit before income tax	4	119,510	112,968
Income tax expense	5	–	–
Profit attributable to equity holders of the Company		<u>119,510</u>	<u>112,968</u>
Interim dividend		<u>19,920</u>	<u>19,920</u>
Interim dividend per share		<u>HK\$0.05</u>	<u>HK\$0.05</u>
Earnings per share	6	<u>HK\$0.30</u>	<u>HK\$0.28</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER AND 31ST MARCH 2007

	<i>Note</i>	Unaudited 30th September 2007 HK\$'000	Audited 31st March 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		137,546	142,466
Leasehold land		18,284	18,515
Interests in associates		1,616,262	1,646,749
		<u>1,772,092</u>	<u>1,807,730</u>
Current assets			
Inventories		1,019	7,728
Accounts receivable, prepayments, deposits and other receivables	7	36,018	30,176
Short term bank deposits		237,695	47,873
Bank and cash balances		2,776	2,838
		<u>277,508</u>	<u>88,615</u>
Total assets		<u>2,049,600</u>	<u>1,896,345</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		99,598	99,598
Other reserves		25,823	21,938
Retained profits			
– Proposed final dividend		–	159,356
– Others		1,718,514	1,602,737
Total equity		<u>1,843,935</u>	<u>1,883,629</u>
LIABILITIES			
Current liabilities			
Accounts payable, other payables and accruals	8	44,745	10,973
Provision for staff long service payments		1,564	1,743
Dividend payable		159,356	–
Total liabilities		<u>205,665</u>	<u>12,716</u>
Total equity and liabilities		<u>2,049,600</u>	<u>1,896,345</u>
Net current assets		<u>71,843</u>	<u>75,899</u>
Total assets less current liabilities		<u>1,843,935</u>	<u>1,883,629</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30th September 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2007.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2007, except that the Group has adopted the new standards, amendments to standards and interpretations (collectively referred to as “new HKFRSs”) issued by the HKICPA which are effective for accounting periods commencing on or after 1st January 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs does not have a material impact on the results of operations and the financial position of the Group.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective for the accounting period ending 31st December 2007. The adoption of these new HKFRSs will not result in substantial changes to the Group’s accounting policies.

The comparative figures have been reclassified to conform with changes in presentation in the current period.

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 2007				
	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>1,934</u>	<u>80</u>	<u>19,641</u>	<u>-</u>	<u>21,655</u>
Segment results	<u>1,163</u>	<u>(490)</u>	<u>1,150</u>	<u>(2,198)</u>	(375)
Unallocated items					(3,590)
Share of profits less losses of associates	-	-	-	123,475	<u>123,475</u>
Profit before income tax					119,510
Income tax expense					<u>-</u>
Profit attributable to equity holders of the Company					<u>119,510</u>

Note:

Turnover was after eliminating inter-segment transactions amounting to HK\$122,000 attributable to filming facilities services.

Six months ended 30th September 2006

	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>1,818</u>	<u>1,330</u>	<u>16,993</u>	<u>–</u>	<u>20,141</u>
Segment results	<u>722</u>	<u>(883)</u>	<u>1,593</u>	<u>(2,508)</u>	(1,076)
Unallocated items					(5,996)
Share of profits less losses of associates	–	–	–	120,040	<u>120,040</u>
Profit before income tax					112,968
Income tax expense					<u>–</u>
Profit attributable to equity holders of the Company					<u>112,968</u>

Note:

There were no sales between the business segments.

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

	Turnover		Profit before income tax	
	Six months ended 30th September		Six months ended 30th September	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	21,655	19,255	(3,965)	(7,329)
South East Asia	<u>–</u>	<u>886</u>	<u>–</u>	<u>257</u>
	<u>21,655</u>	<u>20,141</u>	<u>(3,965)</u>	<u>(7,072)</u>
Share of profits less losses of associates			<u>123,475</u>	<u>120,040</u>
			<u>119,510</u>	<u>112,968</u>

3. Other income

	Six months ended	
	30th September	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Management fee income	5,775	5,689
Interest income	5,116	3,321
Others	1,109	1,263
	<u>12,000</u>	<u>10,273</u>

4. Profit before income tax

Profit before income tax has been arrived at after charging the following:

	Six months ended	
	30th September	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation charge	4,969	10,729
Add/(less): Net amount realised from/ (capitalised to) inventories	4,431	(1,410)
	<u>9,400</u>	<u>9,319</u>
Amortisation of leasehold land	231	231
Amortisation of released films	77	1,435
Employee benefit expense	18,305	15,647
Operating leases – land and buildings	228	235

5. Income tax expense

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the period (2006: nil). Tax on overseas profits has been calculated, where applicable, at the rates of taxation prevailing in the countries in which the Group operates.

6. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$119,510,000 (2006: HK\$112,968,000) and on 398,390,400 ordinary shares in issue throughout the two six-month periods ended 30th September 2007 and 2006. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

7. Accounts receivable, prepayments, deposits and other receivables

The ageing analysis of accounts receivable is as follows:

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
Current	9,413	5,836
1-3 months	257	930
Over 3 months	2,036	2,415
	11,706	9,181
Less: Specific provision for doubtful debts	(1,731)	(1,731)
	<u>9,975</u>	<u>7,450</u>

The Group has a defined credit policy. The general credit term ranges from 30 to 90 days.

8. Accounts payable, other payables and accruals

The ageing analysis of accounts payable is as follows:

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
Current	999	406
Over 3 months	41	41
	<u>1,040</u>	<u>447</u>

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.05 (2006: HK\$0.05) per ordinary share for the six months ended 30th September 2007, to shareholders whose names appear on the Register of Members of the Company on 24th January 2008, and will absorb HK\$19,919,520. A total of 398,390,400 ordinary shares of HK\$0.25 each were in issue as of 30th September 2007.

CLOSURE OF BOOKS

The Register of Members of the Company will be closed from Saturday, 12th January 2008 to Thursday, 24th January 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfers must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 11th January 2008. Dividend warrants will be dispatched to shareholders on or around 24th January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Filming Facilities Services

Filming facilities services comprise Film Remastering and Film Processing Centres, and the contribution towards Group profits during the period was HK\$1,150,000.

Redevelopment Of Clearwater Bay Site

We are continuing to pursue the feasibility of the Residential and Commercial developments being undertaken in one phase and the response from the Government is encouraging.

We are yet optimistic that the draft of the first provisional basic terms (without quoting of premium) will be available by the end of year 2007.

Associated Companies

The contribution after taxation from Television Broadcasts Limited to Group profits during the period increased by 6%. The increase was mainly attributable to a growth of approximately 7% in Hong Kong advertising sales during the first half of 2007, notably in the local property sector, and a reduction of 20% in the share of the losses of TVB Pay Vision Holdings Limited, an associate of Television Broadcasts Limited.

Movie City Project (Shaw Studios)

Fitting out of the Project is expected to be completed by March 2008 and early indications of demand for the facilities are encouraging.

Financial And Capital Structure

The Group had no significant external borrowing and consequently 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.

Capital Commitments

As at 30th September 2007, capital commitments of the Group amounted to HK\$80.0 Million (31st March 2007: HK\$91.8 Million), which would be funded by internal resources.

Contingent Liabilities

As at 30th September 2007, 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 2007, the Group employed a total of 157 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 2007, 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the period from 1st April 2007 to 4th September 2007, the Company has been in compliance with the Code Provisions of the Code on Corporate Governance Practices (the "Code") 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 (the "Exchange") except for the following:

- (a) the Executive Chairman and the Managing Director were not subject to retirement by rotation pursuant to Article 88 of the Company's Articles of Association. The Board considers that the Chairman and the Managing Director, the former being the founder of the Company and the latter who joined the Company since 1969, possess a wealth of experience which is essential to the Board and contributes to the continued stability of the Company's business;
- (b) Non-executive Directors were not appointed for a specific term as required by the Code. However, they were subject to retirement by rotation and re-election at the Company's annual general meetings pursuant to Article 88 of the Company's Articles of Association;
- (c) Pursuant to Article 88 of the Company's Articles of Association, one-third of the Directors for the time being, excluding the Executive Chairman and the Managing Director (or, if their number was not a multiple of three, then the number nearest to but not greater than one-third) would retire from office by rotation at each annual general meeting of the Company, and consequently the Directors have retired by rotation at least once every three years.

At the Annual General Meeting of the Company held on 5th September 2007, the Company has amended Article 88 of the Company's Articles of Association to comply fully with the Code as from that date.

Save for the above, none of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period between 1st April 2007 and 30th September 2007, in compliance with the Code.

COMPLIANCE WITH MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

All Directors and members of the Senior Management confirmed, following specific enquiry by the Company, that they had complied with the Model Code throughout the period between 1st April 2007 and 30th September 2007.

AUDIT COMMITTEE

The Audit Committee is composed of all three independent Non-executive Directors, namely, Dr. Chow Yei Ching (Chairman of the Audit Committee), Ms. Ng Julie Yuk Shun and Mr. Nelson Hon Sang Chiu. They possess appropriate academic and professional qualifications or related financial management expertise. The Audit Committee is provided with sufficient resources to discharge its duties. The principal duties of the Audit Committee include review of the Group's financial reporting, the scope of audit services as well as the effectiveness of the system of internal controls and compliance. It will also discuss matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30th September 2007 before they were presented to the Board of Directors for approval.

The interim financial statements for the six months ended 30th September 2007 have been reviewed by the Audit Committee of the Company, but have not been audited.

INTERIM REPORT

The interim report of the Company for the six months ended 30th September 2007 containing all the information required by the Listing Rules will be published on the Exchange's website (www.hkex.com.hk) and the Company's website (www.shawbrothers.com.hk) around mid December 2007.

On Behalf of the Board
Run Run Shaw
Executive Chairman

Hong Kong, 29th November 2007

As at the date of this announcement, the Board of the Company comprises the following Directors:

Executive Directors:

Sir Run Run Shaw, GBM (*Executive Chairman*)

Mona Fong (*Deputy Chairperson and Managing Director*)

Jeremiah Rajakulendran

Independent Non-executive Directors:

Dr. Chow Yei Ching

Ng Julie Yuk Shun

Nelson Hon Sang Chiu

(This announcement is available on our corporate website at www.shawbrothers.com.hk under "Announcement" and on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" on 29th November 2007).