

SHAW BROTHERS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00080)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008 INTERIM DIVIDEND FOR 2008/2009 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 2008, 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 2008 which have been included in the Group's financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

	Note	Unaudited Six months ended 30th September	
		2008	2007
		HK\$'000	HK\$'000
Turnover		10,018	21,655
Cost of sales		(5,372)	(13,721)
Gross profit		4,646	7,934
Other income	3	8,272	12,000
Selling and distribution expenses		(380)	(189)
General and administrative expenses		(12,316)	(13,470)
Other operating expenses		(11,191)	(10,240)
Operating loss		(10,969)	(3,965)
Share of net profit after income tax of associates		126,470	123,475
Profit before income tax of the Company and subsidiaries	4	115,501	119,510
Income tax expense – Company and subsidiaries	5	-	-
Profit attributable to equity holders of the Company		115,501	119,510
Interim dividend		19,920	19,920
Interim dividend per share		HK\$0.05	HK\$0.05
Earnings per share	6	HK\$0.29	HK\$0.30

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER AND 31ST MARCH 2008

	Note	Unaudited 30th September 2008 <u>HK\$'000</u>	Audited 31st March 2008 <u>HK\$'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment		135,482	138,791
Leasehold land		17,821	18,052
Interests in associates		1,776,084	1,792,869
		<u>1,929,387</u>	<u>1,949,712</u>
Current assets			
Inventories		1,004	753
Accounts receivable, prepayments, deposits and other receivables	7	30,535	26,324
Cash and cash equivalents		226,822	48,882
		<u>258,361</u>	<u>75,959</u>
Total assets		<u><u>2,187,748</u></u>	<u><u>2,025,671</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		99,598	99,598
Other reserves		37,237	26,100
Retained profits			
- Final dividend 2007/2008 proposed		-	167,323
- Interim dividend 2008/2009 declared		19,920	-
- Others		1,815,268	1,723,161
Total equity		<u>1,972,023</u>	<u>2,016,182</u>
LIABILITIES			
Current liabilities			
Accounts payable, other payables and accruals	8	46,639	7,583
Provision for staff long service payments		1,763	1,906
Dividend payable		167,323	-
Total liabilities		<u>215,725</u>	<u>9,489</u>
Total equity and liabilities		<u><u>2,187,748</u></u>	<u><u>2,025,671</u></u>
Net current assets		<u>42,636</u>	<u>66,470</u>
Total assets less current liabilities		<u><u>1,972,023</u></u>	<u><u>2,016,182</u></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 2008 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 2008 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2008, except that the Group has adopted a number of new/revised HKFRS issued by the HKICPA which are mandatory for the financial year ending 31st December 2008.

The adoption of the new/revised HKFRS do not have material impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the financial statements will be resulted.

The following new/revised standards, amendments and interpretation to existing standard have been published and mandatory for the accounting periods beginning on or after 1st July 2008 or later periods, but the Group has not early adopted them.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1st January 2009.

² Effective for annual periods beginning on or after 1st July 2009.

³ Effective for annual periods beginning on or after 1st July 2008.

The Group has already commenced an assessment of the impact of the new/revised standards, amendments or interpretation to existing standard but is not yet in a position to state whether these new/revised standards, amendments or interpretation to existing standard would have a material impact on its results of operations and financial position.

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 2008				
	Property rental	Film distribution	Filming facilities services	Investment holding	Group total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover (<i>Note</i>)	<u>1,834</u>	<u>-</u>	<u>8,184</u>	<u>-</u>	<u>10,018</u>
Segment results	<u>1,094</u>	<u>(651)</u>	<u>(2,471)</u>	<u>(2,393)</u>	<u>(4,421)</u>
Unallocated items					<u>(6,548)</u>
Operating loss					<u>(10,969)</u>
Share of net profit after income tax of associates	-	-	-	126,470	<u>126,470</u>
Profit before income tax of the Company and subsidiaries					<u>115,501</u>
Income tax expense - Company and subsidiaries					<u>-</u>
Profit attributable to equity holders of the Company					<u>115,501</u>

Note: There are no sales between the business segments.

	Six months ended 30th September 2007				
	Property rental	Film distribution	Filming facilities services	Investment holding	Group total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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>	<u>(375)</u>
Unallocated items					<u>(3,590)</u>
Operating loss					<u>(3,965)</u>
Share of net profit after income tax of associates	-	-	-	123,475	<u>123,475</u>
Profit before income tax of the Company and subsidiaries					<u>119,510</u>
Income tax expense - Company and subsidiaries					<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.

2. Segment information *(continued)*

During the period under review, less than 10% of the operations of the Group in terms of both revenue and segment results were carried on outside Hong Kong. Accordingly, no geographical segment information is shown.

3. Other income

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Management fee income	4,994	5,775
Interest income	2,677	5,116
Others	601	1,109
	<u>8,272</u>	<u>12,000</u>

4. Profit before income tax of the Company and subsidiaries

Profit before income tax of the Company and subsidiaries has been arrived at after charging the following:

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Depreciation charge	3,873	4,969
Add: Net amount realised from inventories	-	4,431
	<u>3,873</u>	<u>9,400</u>
Amortisation of leasehold land	231	231
Amortisation of released films	-	77
Employee benefit expense	14,801	18,305
Operating leases – land and buildings	229	228
	<u>15,133</u>	<u>23,241</u>

5. Income tax expense – Company and subsidiaries

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the period (2007: 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\$115,501,000 (2007: HK\$119,510,000) and on 398,390,400 ordinary shares in issue throughout the two six-month periods ended 30th September 2008 and 2007. 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 aging analysis of the net accounts receivable is as follows:

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
1 – 3 months	553	211
Over 3 months	18	396
	<u>571</u>	<u>607</u>
Accounts receivable not past due	2,247	1,450
	<u>2,818</u>	<u>2,057</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 aging analysis of accounts payable is as follows:

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
Current	1,439	422
1 – 3 months	168	-
Over 3 months	92	-
	<u>1,699</u>	<u>422</u>

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$ 0.05 (2007: HK\$0.05) per ordinary share for the six months ended 30th September 2008, to shareholders whose names appear on the Register of Members of the Company on 22nd January 2009, 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 2008.

CLOSURE OF BOOKS

The Register of Members of the Company will be closed from Saturday, 10th January 2009 to Thursday, 22nd January 2009, 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 not later than 4:30 p.m. on Friday, 9th January 2009. Dividend warrants will be dispatched to shareholders on or around 22nd January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Redevelopment Of Clearwater Bay Site

A joint proposal by Coastline International Limited and us, to deal with the arrangement of right of way, is being submitted to the Lands Department. On receipt of approval, we can proceed to the next stage of negotiating the basic terms and conditions of Land Exchange.

Associated Companies

The contribution after taxation from Television Broadcasts Limited to Group profits for the period increased by 1%. Though the associate achieved an 8% increase in turnover, its cost of sales and overhead expenses increased by 14%, reflecting the higher costs of programming contents for the new digital channels and the general inflationary environment. The effect of the rising costs was compensated by a reduction of 55% in the share of the losses of TVB Pay Vision Holdings Limited, an associate of Television Broadcasts Limited.

Internal fitting-out works are expected to be completed at Shaw Studios by first quarter of 2009 and the facilities will be launched for operations thereafter.

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 2008, capital commitments of the Group amounted to HK\$49.8 Million (31st March 2008: HK\$69.9 Million), which would be funded by internal resources.

Contingent Liabilities

As at 30th September 2008, 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 2008, the Group employed a total of 140 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 2008, 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 the Company has been in compliance with all 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").

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 2008 and 30th September 2008.

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 2008 before they were presented to the Board of Directors for approval.

The interim financial statements for the six months ended 30th September 2008 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 2008 containing all the information required by the Listing Rules will be published on the Exchange's website (www.hkexnews.hk) and the Company's website (www.shawbrothers.com.hk) before 22nd December 2008.

On Behalf of the Board

Run Run Shaw
Executive Chairman

Hong Kong, 3rd December 2008

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