SHAW BROTHERS HOLDINGS LIMITED
邵氏兄弟控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00953)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Directors") of Shaw Brothers Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 (the "Year") were as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016** ***RMB'000***	2015 *RMB'000*
Revenue	*3*	**187,633**	147,735
Cost of sales		**(158,173)**	(139,503)
Gross profit		**29,460**	8,232
Other income	*4*	**15,119**	13,711
Impairment loss recognised in respect of property, plant and equipment		**(11,174)**	(6,458)
Impairment loss recognised in respect of trade receivables	*11*	**(19,373)**	(61,017)
Selling and distribution expenses		**(3,061)**	(7,968)
Administrative expenses		**(38,388)**	(34,624)
Other operating expenses		**(5,933)**	(4,045)
Finance costs	*5*	**(5,460)**	(13,704)

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Loss before tax		**(38,810)**	(105,873)
Income tax	*6*	**–**	–
Loss and total comprehensive expense for the year	*7*	**(38,810)**	(105,873)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(31,251)**	(105,873)
Non-controlling interests		**(7,559)**	–
		(38,810)	(105,873)
Loss per share			
Basic and diluted *(RMB cent)*	*8*	**(2.322)**	(8.937)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		**55,358**	68,951
Prepaid lease payments		**10,372**	10,674
Loan receivable		**–**	20,380
		65,730	100,005
Current assets			
Inventories		**17,010**	16,361
Loan receivable		**20,380**	–
Trade and other receivables	*11*	**101,888**	114,670
Deposit paid for potential acquisition		**25,836**	–
Investments in films	*10*	**46,205**	24,456
Prepaid lease payments		**297**	297
Pledged bank deposit		**–**	5,000
Short-term bank deposits		**–**	36,165
Bank balances and cash		**344,237**	98,811
		555,853	295,760
Current liabilities			
Trade and other payables	*12*	**26,924**	28,830
Amounts due to related companies		**28,496**	1,280
Secured bank borrowings		**121,800**	117,300
		177,220	147,410
Net current assets		**378,633**	148,350
		444,363	248,355
Capital and reserves			
Share capital		**12,322**	10,355
Reserves		**401,517**	238,000
Equity attributable to owners of the Company		**413,839**	248,355
Non-controlling interests		**30,524**	–
Total equity		**444,363**	248,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Shaw Brothers Holdings Limited (formerly known as Meike International Holdings Limited) (the "Company") was incorporated in the Cayman Islands, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 June 2009 and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 February 2010. The substantial shareholder of the Company is Mr. Li Ruigang. The addresses of the registered office and principal place of business of the Company are 19/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and trading of sporting goods, investments in films and artiste and event management. The Company acts as an investment holding company and engaged in the investments in films and artiste and event management.

The consolidated financial statements are presented in thousands of units of Renminbi ("RMB"), which is also the functional currency of the Company.

The comparative figures of investments in films have been reclassified from non-current assets to current assets included in consolidated statement of financial position to conform with the current year's presentation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
Sales of sporting goods	**108,235**	147,735
Films investment income	**44,195**	–
Artiste and event management services income	**35,203**	–
	187,633	147,735

Information reported to the board of directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues, results, assets and liabilities

The directors of the Company have chosen to organise the Group around differences in products and services. The Group is principally engaged in the manufacturing and trading of sporting goods, investments in films and artiste and event management.

During the year ended 31 December 2016, the Group commenced to engage in a new segment – Artiste and event management. It is reportable and separately disclosed as the directors of the Company consider that such information would be useful to users of the consolidated financial statements. Specifically, the Group currently organises the reportable and operating segments as follows:

(i) Manufacturing and trading – trading of sporting goods manufactured by the Group;

(ii) Investments in films – investments in production and distribution of films; and

(iii) Artiste and event management – the provision of artiste and event management services and others.

The Group's reportable segments are strategic business units that offer different products or services. They are managed separately because each business requires different technology and marketing strategies.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Manufacturing and trading		Investments in films		Artiste and event management		Total	
	Year ended 31 December							
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**108,235**	147,735	**44,195**	–	**35,203**	–	**187,633**	147,735
Segment (loss) profit	**(13,096)**	(84,090)	**8,762**	–	**(4,893)**	–	**(9,227)**	(84,090)
Unallocated income							**3,873**	3,316
Unallocated expenses							**(33,456)**	(25,099)
Loss before tax							**(38,810)**	(105,873)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit incurred by each segment without allocation of interest income, finance cost and certain administrative expenses and other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2016	2015
	RMB'000	*RMB'000*
SEGMENT ASSETS		
Manufacturing and trading	**132,835**	208,784
Investments in films	**65,212**	24,456
Artiste and event management	**33,083**	–
Unallocated	**390,453**	162,525
Total assets	**621,583**	395,765
SEGMENT LIABILITIES		
Manufacturing and trading	**17,882**	24,550
Investments in films	**3,669**	–
Artiste and event management	**30,959**	–
Unallocated	**124,710**	122,860
Total liabilities	**177,220**	147,410

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than a loan receivable, deposit paid for potential acquisition, pledged bank deposit, short-term bank deposits, bank balances and cash and certain other receivables and prepayments as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than bank borrowings, certain amounts due to related companies and certain other payables as these liabilities are managed on a group basis.

Geographical information

The Group's operations are located in Hong Kong and the PRC (the place of domicile of the Group's operation).

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	The PRC	**Hong Kong**	**Other**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers				
Year ended 31 December 2016	**101,003**	**79,398**	**7,232**	**187,633**
Year ended 31 December 2015	142,168	–	5,567	147,735
Non-current assets				
As at 31 December 2016	**65,272**	**458**	**–**	**65,730**
As at 31 December 2015	79,625	20,380	–	100,005

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2016	2015
	RMB'000	*RMB'000*
Customer A[2 & 3]	**51,187**	N/A*
Customer B[1]	**37,955**	42,054
Customer C[1]	**N/A***	18,115

[1] *Revenue from sales of sporting goods*

[2] *Revenue from films investments*

[3] *Revenue from artiste and event management services income*

* *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

4. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Government grants *(Note)*	**43**	40
Gain on disposal of a subsidiary	**–**	1,115
Net exchange gain	**1,306**	298
Interest income	**2,567**	3,018
Gain on disposal of property, plant and equipment	**10**	25
Reversal of impairment loss recognised in respect of trade receivables	**10,896**	9,164
Rental income	**297**	51
	15,119	13,711

Note: Government grants were received from several local government authorities for the Group's contribution to growth of the local economies, of which the entitlement was unconditional and under the discretion of the relevant authorities.

5. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest expenses on bank borrowings wholly repayable within five years	**5,460**	13,704

6. INCOME TAX

Pursuant to the rule and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards. No provision of EIT has been made as the Group did not have any assessable profits subject to EIT Law for the years ended 31 December 2016 and 2015.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2016	2015
	RMB'000	*RMB'000*
Salaries and allowances	**24,752**	30,183
Contributions to retirement benefits scheme	**2,395**	3,362
Total staff costs (including directors' and chief executive's emoluments)	**27,147**	33,545
Impairment loss on other prepayment (included in the operating expenses)	**4,566**	–
Auditors' remuneration	**1,027**	866
Allowance of inventories (included in cost of sales)	**–**	5,238
Cost of inventories recognised as an expense	**93,516**	134,265
Amortisation of prepaid lease payments	**302**	978
Depreciation of property, plant and equipment	**3,632**	4,871
Research and development cost	**1,367**	4,045
Operating lease rentals in respect of rented premises	**494**	449

Note: Research and development costs included staff costs of employees and depreciation of property, plant and equipment for the purpose of research and development activities.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2016	2015
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(31,251)**	(105,873)

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,345,771**	1,184,610

Note:

The weighted average number of ordinary shares in issue during the year ended 31 December 2016 assuming 1,345,771,000 ordinary shares were in issue during the year ended 31 December 2016 after taking into account the ordinary shares issue pursuant to the placing completed as at 25 April 2016.

The weighted average number of ordinary shares in issue during the year ended 31 December 2015 assuming 1,184,610,000 ordinary shares were in issue during the year ended 31 December 2015.

The dilutive loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2016 and 2015.

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2016 and 2015, nor has any dividend been proposed since the end of the reporting period.

10. INVESTMENTS IN FILMS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Investments in films	**46,205**	24,456

	2016	2015
	RMB'000	*RMB'000*
At 1 January	**24,456**	–
Additions	**56,506**	24,456
Recognised in cost of sales	**(34,757)**	–
At 31 December	**46,205**	24,456

The amount represents investments in films. The investments are governed by the relevant agreements whereby the Group is entitled to benefits generated from the distribution of these films based on the percentage of capital contribution in the film projects.

During the year ended 31 December 2016, the Group recognised the cost of investments in films of approximately RMB34,757,000 (2015: nil) and no impairment loss on the investments in films (2015: nil) was recognised based on the expected future revenue to be generated from the films with reference to their marketability and current market condition.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**208,397**	179,027
Less: provision of impairment loss	**(143,571)**	(135,094)
Trade receivables	**64,826**	43,933
Other receivables	**432**	5,935
Prepayment to suppliers	**36,630**	64,739
Other prepayment	**–**	63
Other receivables and prepayments	**37,062**	70,737
Trade and other receivables	**101,888**	114,670

Included in other prepayment of approximately RMB4,566,000 which had been fully impaired during the year ended 31 December 2016. The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of goods by or invoices to its trade customers. At the end of the reporting period, the aged analysis of trade receivables, net of provision of impairment loss recognised presented based on the invoice dates, which approximated the respective revenue recognition dates, are as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**60,277**	26,565
91 to 180 days	**796**	9,892
181 to 365 days	**3,753**	7,476
Total	**64,826**	43,933

12. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**7,895**	8,437
Other payables	**12,972**	11,489
Other tax payables	**2,838**	4,755
Receipts in advance	**2,065**	1,975
Accrued payroll and staff welfare	**1,154**	2,174
	19,029	20,393
Trade and other payables	**26,924**	28,830

Included in other payables are amounts due to directors of the Company of approximately RMB678,000 (2015: RMB1,607,000), which are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**3,970**	7,619
91 to 180 days	**226**	287
181 to 365 days	**796**	228
Over 365 days	**2,903**	303
Total	**7,895**	8,437

The average credit period on purchases of goods is ranged from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, warehouses and staff quarters which fall due as follows:

	2016	2015
	RMB'000	*RMB'000*
Within one year	**411**	150
In the second to fifth year inclusive	**582**	–
	993	150

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of 2 years with fixed rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The entertainment industry in China has been booming in recent years. Despite a slowdown of growth in total box office revenue in the PRC in 2016, it is still a sizable market which generated around RMB45.7 billion box office revenue in 2016, representing one of the largest film markets in the world. Inspired by the prospering entertainment industry in the PRC, the Group has grabbed hold of the trend and continued refinement of its business strategy and optimisation of its resources allocation for healthy growth and sustainable development of sports and entertainment businesses.

Business Review

To better align and reflect the refinement of Company's business strategy and give a more appropriate corporate image and identity, with the approval by the shareholders of the Company in the extraordinary general meeting dated 5 May 2016, the Company has changed its company names from "Meike International Holdings Limited" to "Shaw Brothers Holdings Limited" and the Chinese name of the Company from "美克國際控股有限公司" to "邵氏兄弟控股有限公司" ("Change of Company Names") in May 2016. Details of the Change of Company Names are set out in the announcement of the Company dated 19 February 2016 and the circular of the Company dated 6 April 2016. The Change of Company Names has been effective since 11 May 2016.

To achieve its success in strategic refinement, the Company had kick-started the transformation to streamline its business structure. It entered into an agreement regarding disposal of 49% interest in Amber Jungle Limited, a direct wholly-owned subsidiary of the Company which was likely to bring future loss to the Company, to an independent third party, Champ Luck Enterprise Limited (the "Disposal") so that more resources can be allocated to the general working capital and/or other profitable business and development of the Company. The total consideration of the Disposal amounted to HK$52,000,000 and had been fully settled as at the date of this announcement. Net proceeds from the Disposal were approximately HK$51,000,000 which has been well retained for use in daily operation and future development in line with the Company's business strategy. Details of the Disposal are set out in the circular of the Company dated 31 March 2016 and the announcements of the Company dated 25 January 2016 and 5 May 2016.

In addition, to acquire sufficient capital to explore new business opportunities, in April 2016, the Company had entered into a placing agreement with two placing agents, namely Get Nice Securities Limited and Emperor Securities Limited, pursuant to which the Company would place up to 235,000,000 new shares to not less than six independent placees at HK$1.00 on best effort basis (the "Placing of Shares"). The net proceeds from the Placing of Shares amounted to approximately HK$228,900,000, of which approximately HK$80,900,000 has been used for investments in films and general working capital of the Company. The unutilised proceeds of approximately HK$148,000,000 has been held in cash in bank and will be used as intended for future business development, potential investment opportunity and general working capital. Details of the Placing of Shares are set out in the announcements of the Company dated 11 April 2016 and 25 April 2016.

Furthermore, the Group has continued to strengthen its executive and management team by inviting new directors with abundant experience and strategic management in the media and entertainment industry to bring into the Group new insights and prospects.

During the Year, revenue of the Group increased by approximately RMB39,898,000 from approximately RMB147,735,000 to approximately RMB187,633,000 as compared to the year 2015. This was mainly benefiting from the contribution by entertainment businesses that generated a revenue of approximately RMB79,398,000, which contributed 42.3% of the total revenue of the Year. On the other hand, sales of sportswear business continued to slide down by approximately RMB39,500,000 from approximately RMB147,735,000 for the year 2015 to approximately RMB108,235,000 for the Year, which was mainly due to further decline in the distributor outlets and retailer outlets, during the Year.

Entertainment

During the Year, the Group entered into the entertainment industry and generated revenues of approximately RMB79,398,000 (2015: RMB nil). The following table sets out the total revenues of the Group's income from entertainment businesses for the year ended 31 December 2016 and 31 December 2015.

	2016		2015	
	Investments in films	**Artiste and event management**	Investments in films	Artiste and event management
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Revenue	**44,195**	**35,203**	–	–

Film Business

Films investment income came mainly from 2 films, From Vegas to Macau III（賭城風雲3）and Line Walker（使徒行者）, which contributed approximately RMB44,195,000 to the revenue and approximately RMB9,437,000 to the gross profit respectively. In addition, the Group has further invested in other film during the Year including Shed Skin Papa（脫皮爸爸）which is expected to exhibit in 2017. Given the positive outcome, the Group casts confidence not only on the box office income of the film with promising revenues to the Group, but also to the reputation of the Company via the theatrical screens in the PRC, Hong Kong and other regions around the world in the forthcoming years.

In addition to the development in the PRC market, the Group has also begun its international exploration as one of the major development direction in the Group's strategic matrix in forthcoming years.

Artiste and Event Management

During the Year, artiste and event management business, another main source of income of the Company, generated revenue of approximately RMB35,203,000 and gross profit of approximately RMB5,302,000. During the Year, there have been 5 artistes who signed the artiste management contracts with the Group and it is expected more artistes will join the Group in 2017. With the business development in artiste and event management, the Group can benefit from an integrated industry chain and the diversification of entertainment businesses for a healthy and long-run development.

Drama and Non-Drama Project

The Group has also launched drama and non-drama projects in 2016 and will become another key driver in its entertainment businesses in 2017. In November 2016, the Group has entered into a licensing agreement with YuKu（優酷）in which the Group takes the full lead to produce a drama named Flytiger（飛虎極戰）. Meanwhile, a number of drama and non-drama projects are under pre-production research and development phases which will be carried out in 2017.

Continuing Connected Transaction with CMC Holdings and Huaren Wenhua

To capitalise on its industry network and resources, on 29 November 2016, the Group entered into the cooperation framework agreement ("Cooperation Framework Agreement") with CMC Holdings Limited ("CMC Holdings") and 華人文化有限責任公司 (English transliteration for identification purpose: Huaren Wenhua Limited Liability Company, "Huaren Wenhua"). Details of the Cooperation Framework Agreement are set out in the announcement of the Company dated 29 November 2016 and the circular of the Company dated 16 February 2017. The Cooperation Framework Agreement has been approved by the independent shareholders in the extraordinary general meeting on 13 March 2017.

CMC Holdings and Huaren Wenhua are reputable and leading companies which have rich experiences in culture and art investment. With the collaboration in investment projects, CMC Holdings and Huaren Wenhua would share the Group with resources and experiences in areas of film development and production, marketing as well as a strong film distribution network in the PRC and worldwide, which enable the Group to stretch and expand in the film business. With the collaboration in artiste management, meanwhile, the Company could benefit from an integrated industry chain allowing it to reach larger pool of talents which is essential to the continuous advancement in film and entertainment industries. Besides the benefit of richer resources and experiences, the collaboration also enables the Group to explore new spectrum of complementary business opportunities beneficial for long term development in the entertainment businesses.

Sportswear

The sales of sportswear has decreased by approximately RMB39,500,000 from approximately RMB147,735,000 in 2015 to approximately RMB108,235,000 in 2016, mainly due to further decline in the distributor outlets and retailer outlets during the Year.

Financial Review

During the Year, the Group recorded a consolidated revenue of approximately RMB187,633,000 (2015: approximately RMB147,735,000), representing a year-on-year increase of approximately 27.0% or approximately RMB39,898,000. Loss for the Year amounted to RMB31,251,000, approximately decreased by RMB74,622,000 as compared to loss of approximately RMB105,873,000 in 2015 mainly due to the positive contribution from entertainment businesses and substantial decrease in impairment loss of trade receivables.. In 2016, the loss per share amounted to approximately RMB0.023 (2015: Loss per share approximately RMB0.089).

The increase in revenue was mainly attributable to the contribution by entertainment businesses that generated a revenue and gross profit of approximately RMB79,398,000 and RMB14,739,000 respectively in 2016 (2015: revenue and gross profit: RMB nil and RMB nil respectively).

Revenue

The revenue of entertainment businesses mainly came from film business and artiste and event management. Film business generated revenue and gross profit of approximately RMB44,195,000 and RMB9,437,000 respectively, and artiste and event management, generated revenue and gross profit of approximately RMB35,203,000 and RMB5,302,000 respectively. As for sportswear business, the sales decreased from approximately RMB147,735,000 for the year ended 31 December 2015 to approximately RMB108,235,000 for the Year and the gross profit recorded approximately RMB14,721,000 in 2016 (2015: approximately RMB8,232,000).

Segment and geographical information in 2016

	The PRC	**Hong Kong**	**Other**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue				
Investments in films	–	44,195	–	44,195
Artiste and event management	–	35,203	–	35,203
Sportswear	101,003	–	7,232	108,235
	101,003	79,398	7,232	187,633
Gross profit				
Investments in films	–	9,437	–	9,437
Artiste and event management	–	5,302	–	5,302
Sportswear	13,737	–	984	14,721
	13,737	14,739	984	29,460

Cost of sales

Cost of sales increased by approximately 13.4% to approximately RMB158,173,000 in 2016 (2015: approximately RMB139,503,000).

Cost of sales in entertainment businesses were approximately RMB64,659,000 in 2016 (2015: RMB nil), of which the investment costs of films amounted to approximately RMB34,758,000, and the direct costs incurred for artiste and event management amounted to approximately RMB29,901,000 respectively. The cost of sales of sportswear business decreased by approximately 33.0% to approximately RMB93,514,000 in 2016 (2015: approximately RMB139,503,000) primarily as a result of the overall decrease in the sales of sportswear.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 61.6% from approximately RMB7,968,000 in 2015 to approximately RMB3,061,000 in the Year, primarily as a result of the decrease in sales of the sportswear.

Administrative expenses

Administrative expenses increased by approximately 10.9% from approximately RMB34,624,000 in 2015 to approximately RMB38,388,000 in the Year, primarily due to the increase in overheads of general operation.

Income tax

The income tax expenses of the Group for the Year was RMB nil (2015: RMB nil).

Inventories and provision for inventories

The Group generally procures for sportswear raw materials and commences production after confirming purchase orders with distributors subsequent to sales fairs to control the level of inventories at an optimal level. Inventories increased by approximately 4.0% from approximately RMB16.4 million as at 31 December 2015 to approximately RMB 17.0 million as at 31 December 2016.

The Group may make specific provision on inventories. The Group conducts physical counts from time to time to identify obsolete, damaged or slow-moving inventories. Provision will be made on an inventory item if its carrying amount is lower than its net realisable value.

No allowance has been made on finished goods as at 31 December 2016 (2015: approximately RMB5,238,000).

No provision was made for work-in-progress as those work-in-progress was still in progress and for orders of early 2017.

Trade and Other Receivables and Provision for Impairment Loss

The Group generally grants to each of its distributors and customers a credit period of no more than 180 days. However, the Group has extended the credit period for certain distributors up to 270 days during the Year upon negotiation and after considering their financial strength, past credit history and business performance history.

Trade receivables, net of provision of impairment loss, increased by approximately 47.6% from approximately RMB43.9 million as at 31 December 2015 to approximately RMB64.8 million as at 31 December 2016.

The Group estimated impairment loss on trade and other receivables resulting from the inability of customers to make the required payments and there was objective evidence that the Group would not be able to collect all amounts due. The Group made the estimates based on the payment history, customer's credit worthiness, historical write-off experience and default or delinquency in payments. During the year ended 31 December 2016, impairment loss in respect of trade and other receivables were recognised in the consolidated statement of profit or loss amounting to approximately RMB23.9 million (2015: approximately RMB61.0 million).

Details of trade and other receivables as at 31 December 2016 are set out in Note 11 to the consolidated financial statements in this announcement.

Liquidity and Financial Resources

As at 31 December 2016, bank balances and cash in hand and short-term bank deposits amounted to approximately RMB344.2 million, representing an increase of approximately RMB209.2 million from RMB135.0 million as at 31 December 2015. This is mainly attributable to the Placing of Shares in April 2016 of which the unutilised proceeds from the Placing of Shares has been held in cash in bank. As at 31 December 2016, the Group's bank and cash balances were denominated in Renminbi, Hong Kong Dollars and United States Dollars.

Pledge of Assets

As at 31 December 2016, the Group secured its bank borrowings by prepaid land lease payments and buildings held for own use with an aggregate carrying amount of approximately RMB61.8 million (2015: approximately RMB18.7 million) and bank deposits of approximately RMB nil (2015: approximately RMB5.0 million).

Capital Commitments and Contingent Liabilities

As at 31 December 2016, the Group did not have any material capital commitments and contingent liabilities.

Final Dividend

No final dividend was recommended by the Board for the year ended 31 December 2016.

Loss Attributable to Shareholders and Net Loss Margin

For the Year, loss attributable to the owners of the Company amounted to approximately RMB31,251,000, representing a decrease of approximately 70.5% as compared to that in 2015 (2015: loss attributable to the owners of the Company amounted to approximately RMB105,873,000). Net loss margin of the Group dropped to approximately 20.7% (2015: approximately 71.7%).

Events After Reporting Period

The following significant events took place subsequent to 31 December 2016.

Continuing connected transactions

(i) On 29 November 2016, the Company entered into the cooperation framework agreement with CMC Holdings Limited ("CMC Holdings") and Huaren Wenhua Limited Liability Company ("Huaren Wenhua") pursuant to which the Company, CMC Holdings and Huaren Wenhua wish to cooperate in (i) the Investment Projects and (ii) the Artistes Engagement. The ultimate controlling shareholder of both CMC Holdings and Huaren Wenhua is Mr. Li Ruigang who is the chairman, a director and a substantial shareholder of the Company.

The term of the above cooperation framework agreement is 3 years from 1 January 2017 to 31 December 2019, subject to the fulfilment of the condition precedent of the cooperation framework agreement when the Company had complied with the requirements under the the Rules Governing the Listing of Securities on the Stock Exchange. Details of such cooperation framework agreement are set out in the Company's announcements dated 29 November 2016 and 16 February 2017 and its circular despatched to shareholders on 17 February 2017.

(ii) As disclosed in the announcement of the Company dated 29 March 2017, Tailor Made Production Limited ("Tailor Made"), a non-wholly owned subsidiary of the Company, entered into artist management agreements with each of Good Servant Production Limited and Esther Communications Limited on 1 September 2016 for the engagement of Tailor Made as the sole and exclusive agent of Mr. Wong Cho Lam and his spouse, Miss Li Yanna Leanne, respectively in the entertainment industry.

Mr. Wong Cho Lam is a director and substantial shareholder of Tailor Made. Mr. Wong Cho Lam, Miss Li Yanna Leanne, Good Servant Production Limited and Esther Communications Limited are connected persons of the Company at the subsidiary level under the Rules Governing the Listing of Securities on the Stock Exchange. Details of the above continuing connected transactions are set out in the Company's announcement dated 29 March 2017.

Foreign Exchange Risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi which are the functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Gearing Ratio

As at 31 December 2016, the gearing ratio of the Group was approximately 19.6% (2015: approximately 29.6%), which was derived by dividing interest-bearing debt incurred in the ordinary course of business by total assets.

Interest-bearing Bank Borrowings

As at 31 December 2016, the Group's bank borrowings amounted to approximately RMB121,800,000 (2015: approximately RMB117,300,000), bearing interest rates from 4.39% to 5% (2015: 4.39% to 6.72%), which were all due within one year.

Human Resources

As at 31 December 2016, the Group had a total of 528 employees (as at 31 December 2015: 880 employees).

Capital Structure

As at 31 December 2016, the Group's net assets were financed by internal resources and bank borrowings.

On 11 April 2016, there was a placing of 235,000,000 new ordinary shares of the Company at the placing price of HK1.00 per share to not less than six independent placees by the Company. The placing price represented a discount of approximately 11.50% to the closing price of HK$1.130 per share as quoted on the Stock Exchange on 11 April 2016, being the date of the placing agreement; and (ii) a discount of approximately 10.23% to the average of the closing prices of approximately HK$1.114 per share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the placing agreement. The nominal value per share is HK$0.01 and the aggregate nominal value of the placing shares is HK$235,000,000. The placing of 235,000,000 shares of the Company was completed on 25 April 2016.

As at 31 December 2016, the number of total issued shares of the Company was 1,419,610,000 shares.

Material Acquisition and Disposal

On 25 January 2016, the Company entered into an agreement with Champ Luck Enterprise Limited (the "Purchaser"), pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire the sale interests, representing 49% of the issued share capital of a direct wholly-owned subsidiary, Amber Jungle Limited, for a total cash consideration of HK$52,000,000. Amber Jungle Limited is a company established in the BVI with limited liability. Amber Jungle Limited, through its wholly-owned subsidiaries, is principally engaged in the manufacturing and trading of sporting goods.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries and associated companies during the Year.

Equity Fund Raising

In April 2016, the Company completed a placing of 235,000,000 new shares and raised net proceeds from the Placing of Shares amounting to approximately HK$228,900,000 for the Group's future business development and general working capital, of which approximately HK$80,900,000 has been used for investments in films and general working capital of the Company. The unutilised proceeds of approximately HK$148,000,000 has been hold in cash in bank and will be used as intended for future business development, potential investment opportunity and general working capital.

Compliance with the Relevant Laws and Regulations

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group. Such initiatives include recycling of used papers and energy saving.

Relationships with Stakeholders

The Company recognises that employees are our valuable assets. Thus, the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year, there was no material and significant dispute between the Group and its business partners or bank enterprises.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalising best practice.

The Group's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules").

The Board considered that the Company had complied with the code provisions of the Code during the Year and up to the date of this announcement, except for the deviation from Code Provisions A.2.1, A.2.7, A.4.1 and E.1.2 of the Code as stated below.

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The current Board structure deviates with the above Code Provision:–

- On 25 October 2016, Mr. Li Ruigang was appointed as the Chairman of the Board in place of Dr. Allan Yap, who was former Chairman of the Board in place of Mr. Ding Siqiang since 29 January 2016. Subsequently, Dr. Allan Yap has resigned as an executive Director and Chairman of the Company since 25 October 2016. Mr. Ding is an executive Director of the Company. The Company does not have any officer with the title of 'Chief Executive Officer'.

- The Board considers that this structure will not impair the balance of power and authority between the Board and management of the Group as the roles of the respective executive Directors and senior management who are in charge of different functions complement the role of the Chairman and chief executive officer. It is believed that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. However, the Company will continue to consider the feasibility to comply with Code Provision A.2.1 and find a suitable candidate to take on the post of chief executive officer.

Code Provision A.2.7

Code Provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. The Board meetings of the Company held during the Year had included the participation of the executive Directors, yet the non-executive Directors (including independent non-executive Directors) could freely provide their independent opinion to the Board.

The Company will endeavor to arrange the meetings for the Chairman with the non-executive Director (including the independent non-executive Directors) so as to comply with the requirement of Code Provision A.2.7.

Code Provision A.4.1

Mr. Gu Jiong was appointed as a non-executive Director on 29 January 2016, he was not appointed for a specific term, but is subject to re-election in the first general meeting of the Company after his appointment and the rotation requirements as set out in the Company's Articles of Association. He was re-elected in the extraordinary general meeting of the Company held on 5 May 2016. Subsequently, he resigned as non-executive Director on 25 October 2016. He was then appointed an alternate Director to Mr. Thomas Hui To on 25 October 2016.

Save as disclosed above, the other non-executive Directors (including independent non-executive Directors) have been appointed for a specific term during the Year and up to the date of this announcement.

Code Provision E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company (the "AGM").

Dr. Allan Yap, the former Chairman of the Board who resigned as executive Director on 25 October 2016, was unable to attend the AGM for 2016 due to other business engagement.

However, another Director had chaired the AGM for 2016 and answered questions from the shareholders of the Company.

The AGM provides a channel for communication between the Board and the shareholders of the Company. Other than the AGM, the shareholders may communicate with the Company through the contact information as set out in this announcement.

Audit committee

The Company established an Audit Committee (the "Audit Committee") on 6 January 2010 with written terms of reference which are in compliance with the code provisions of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control and risk management systems of the Company. As at the date of this announcement, the Audit Committee consists of three members comprising Mr. Poon Kwok Hing, Albert (Chairman), Mr. Pang Hong and Miss. Szeto Wai Ling Virginia, all being independent non-executive Directors.

During the Year, the Audit Committee had reviewed the interim results and final results of the Group for the Year. The Group's final results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions from the Listing Date and up to the date of this announcement.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement is published on the website of the Stock Exchange of Hong Kong Limited and the website of the Company at www.shawbrotherspictures.com. The annual report of the Group for the year ended 31 December 2016 will be despatched to shareholders at the appropriate time and will be available on the Company's website at www.shawbrotherspictures.com and the website of the Stock Exchange in due course.

By Order of the Board
Shaw Brothers Holdings Limited
Mr. Li Ruigang
Chairman

Hong Kong, 29 March 2017

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

Chairman and Non-executive Director
Mr. Li Ruigang

Executive Directors
Mr. Ding Siqiang
Ms. Ding Xueleng
Mr. Jiang Wei
Miss Lok Yee Ling Virginia

Non-executive Director
Mr. Hui To Thomas

Independent Non-executive Directors
Mr. Pang Hong
Mr. Poon Kwok Hing, Albert
Miss Szeto Wai Ling Virginia

Alternate Director
Mr. Gu Jiong (Alternate Director to Mr. Hui To Thomas)