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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

2020 RESULTS HIGHLIGHTS

- Revenue decreased from RMB302,227,000 to RMB114,373,000, a decrease of RMB187,854,000 or 62%.
- Profit attributable to owners of the Company amounted to RMB2,263,000 (2019: RMB17,891,000).
- Earnings per share was RMB0.16 cents (2019: RMB1.26 cents).
- Bank balances and cash, net of bank borrowings, amounted to RMB293,029,000 as at 31 December 2020 (31 December 2019: RMB315,412,000).
- Net assets value per share attributable to the owners of the Company as at 31 December 2020 was RMB29.13 cents (31 December 2019: RMB30.72 cents).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2020.

The board of Directors (the “Board”) of Shaw Brothers Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	114,373	302,227
Cost of sales		<u>(72,259)</u>	<u>(189,064)</u>
Gross profit		42,114	113,163
Other income and gains	5	12,349	3,198
Selling and distribution expenses		(6,253)	(23,430)
Administrative expenses		(43,998)	(49,640)
Other operating expenses		(4,621)	(5,352)
Finance costs	6	<u>(511)</u>	<u>(1,101)</u>
(Loss) profit before tax		(920)	36,838
Income tax expenses	7	<u>(970)</u>	<u>(17,563)</u>
(Loss) profit for the year	8	<u>(1,890)</u>	<u>19,275</u>
(Loss) profit for the year attributable to:			
– Owners of the Company		2,263	17,891
– Non-controlling interests		<u>(4,153)</u>	<u>1,384</u>
(Loss) profit for the year		<u>(1,890)</u>	<u>19,275</u>
Earnings per share			
– Basic and diluted (<i>RMB cents</i>)	9	<u>0.16</u>	<u>1.26</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss) profit for the year	<u>(1,890)</u>	<u>19,275</u>
Other comprehensive (expenses) income for the year		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of financial statements from functional currency to presentation currency	(22,449)	–
Fair value loss on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>–</u>	<u>(2,006)</u>
Total comprehensive (expenses) income for the year	<u>(24,339)</u>	<u>17,269</u>
Total comprehensive (expenses) income for the year attributable to:		
– Owners of the Company	(21,647)	17,089
– Non-controlling interests	<u>(2,692)</u>	<u>180</u>
	<u>(24,339)</u>	<u>17,269</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
Non-current assets			
Plant and equipment		1,044	688
Equity instruments at FVTOCI		–	–
Right-of-use assets		748	1,273
Television programme rights		4,107	–
		<u>5,899</u>	<u>1,961</u>
Current assets			
Investments in films, drama and non-drama Films, drama and non-drama productions in progress	<i>11</i>	95,456	71,340
Trade and other receivables	<i>12</i>	101,411	163,339
Amounts due from related parties		1,161	–
Bank balances and cash		293,029	328,836
		<u>581,034</u>	<u>595,022</u>
Current liabilities			
Trade and other payables	<i>13</i>	44,242	75,808
Contract liabilities	<i>13</i>	79,492	29,522
Income tax payables		4,429	20,372
Lease liabilities		449	456
Amounts due to related parties		52,656	26,900
Bank borrowings		–	13,424
		<u>181,268</u>	<u>166,482</u>
Net current assets		<u>399,766</u>	<u>428,540</u>
Total assets less current liabilities		<u>405,665</u>	<u>430,501</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 31 December 2020

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Lease liabilities	<u>311</u>	<u>808</u>
Net assets	<u>405,354</u>	<u>429,693</u>
Capital and reserves		
Share capital	12,322	12,322
Reserves	<u>401,269</u>	<u>423,794</u>
Equity attributable to owners of the Company	413,591	436,116
Non-controlling interests	<u>(8,237)</u>	<u>(6,423)</u>
Total equity	<u>405,354</u>	<u>429,693</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Shaw Brothers Holdings Limited (the “Company”) was incorporated in the Cayman Islands, under the Companies Law, 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”) on 1 February 2010.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment in films, drama and non-drama and production in progress and artiste and event management. The Company acts as an investment holding company.

Prior to 1 January 2020, Renminbi (“RMB”) was regarded as the functional currency of the Company and its subsidiaries. Following the current development of the Group’s investments in films, drama and non-drama and production in progress and artiste and event management business, the directors of the Company have evaluated the primary economic environment in which the Company and its subsidiaries operates and determine that the functional currency of the Company and certain of its subsidiaries changed to Hong Kong Dollar (“HK\$”). The effects of the change of the functional currency of the Company and certain of its subsidiaries had been accounted for prospectively from 1 January 2020 (being the date on which the change in functional currency took effect).

The consolidated financial statements continue to be presented in RMB in order to maintain period-to-period comparability of the financial results. Therefore, the directors consider that RMB is a preferred currency to be used in presenting the operating results and financial position of the Group.

2. PRINCIPAL ACCOUNTING POLICIES

Adoption of new accounting policies

The change in functional currency of the Company and certain subsidiaries was applied prospectively from the date of change. All items were translated into HK\$ at the exchange rate on that date. The cumulative currency translation difference which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”)

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group’s financial year beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to Hong Kong Accounting Standard (“HKAS”) 1 and HKAS 8	Definition of Material

The application of the Amendments to References to the Conceptual Framework in HKFRS and the amendments to 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

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

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Films, drama and non-drama production	49,588	218,833
Investments in films, drama and non-drama	34,942	44,018
Artiste management services income	27,253	31,718
Event management services income	1,427	2,999
Others	1,163	4,659
	<u>114,373</u>	<u>302,227</u>

The Group’s revenue is recognised at a point in time.

4. SEGMENT INFORMATION

Information reported to the executive director, 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.

Segment revenues and results

The directors of the Company have chosen to organise the Group around differences in products and services. The Group is principally engaged in films, drama and non-drama and artiste and event management.

- (i) Films, drama and non-drama – investments, productions and distribution of films, drama and non-drama;
- (ii) Artiste and event management – the provision of artiste and event management services; and
- (iii) Others – trading and other activities.

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

Segment revenues and results

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

	Films, drama and non-drama		Artiste and event management		Other		Total	
	Year ended 31 December							
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Segment revenue	<u>84,530</u>	<u>262,851</u>	<u>28,680</u>	<u>34,717</u>	<u>1,163</u>	<u>4,659</u>	<u>114,373</u>	<u>302,227</u>
Segment profit (loss)	<u>16,491</u>	<u>65,028</u>	<u>8,085</u>	<u>5,903</u>	<u>(3,544)</u>	<u>(2,167)</u>	<u>21,032</u>	<u>68,764</u>
Unallocated income							<u>12,349</u>	<u>3,198</u>
Unallocated expenses							<u>(34,301)</u>	<u>(35,124)</u>
(Loss) profit before tax							<u>(920)</u>	<u>36,838</u>

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 and gains. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operation is located in Hong Kong and the People's Republic of China (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.

	PRC <i>RMB'000</i>	Hong Kong <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Revenue from external customers</i>			
Year ended 31 December 2020	<u>88,920</u>	<u>25,453</u>	<u>114,373</u>
Year ended 31 December 2019	<u>288,403</u>	<u>13,824</u>	<u>302,227</u>
<i>Non-current assets (Note)</i>			
As at 31 December 2020	<u>718</u>	<u>5,181</u>	<u>5,899</u>
As at 31 December 2019	<u>138</u>	<u>1,823</u>	<u>1,961</u>

Note: Non-current assets excluded equity instruments at FVTOCI.

5. OTHER INCOME AND GAINS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net exchange gain	6,432	–
Interest income	3,491	2,186
Interest income from investment in bond	–	105
Government subsidy	1,549	–
Others	877	907
	<u>12,349</u>	<u>3,198</u>

6. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on:		
Bank borrowings	465	1,074
Lease liabilities	46	27
	<u>511</u>	<u>1,101</u>

7. INCOME TAX EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Hong Kong Profits Tax	2,209	11,910
PRC Enterprise Income Tax ("EIT")	201	5,653
	2,410	17,563
Overprovision in prior years:		
EIT	(1,440)	–
	<u>970</u>	<u>17,563</u>

- (i) Pursuant to the rule and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.
- (iii) Under the Law of the PRC on EIT (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both the years ended 31 December 2020 and 2019.

8. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments:		
Salaries and allowances	2,325	2,619
Contributions to retirement benefits scheme	16	16
	<u>2,341</u>	<u>2,635</u>
Staff costs:		
Salaries and allowances	17,058	18,011
Contributions to retirement benefits scheme	935	1,850
	<u>17,993</u>	<u>19,861</u>
Total staff cost	<u>20,334</u>	<u>22,496</u>
Impairment loss on trade and other receivables	4,621	5,352
Auditors' remuneration	1,225	1,282
Depreciation of plant and equipment	413	575
Depreciation of right-of-use assets	474	275
Exchange (gain) loss, net	<u>(6,432)</u>	<u>3,462</u>

9. EARNINGS PER SHARE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to the owners of the Company)	<u>2,263</u>	<u>17,891</u>

	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,419,610</u>	<u>1,419,610</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2020 and 2019.

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

11. INVESTMENTS IN FILMS, DRAMA AND NON-DRAMA/FILMS, DRAMA AND NON-DRAMA PRODUCTIONS IN PROGRESS

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in films, drama and non-drama	<u>95,456</u>	<u>71,340</u>

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Films, drama and non-drama productions in progress	<u>89,977</u>	<u>31,507</u>

Films, drama and non-drama productions in progress represents the production costs, costs of services, direct labour costs, facilities and raw materials consumed under production. It is accounted for on a project-by-project basis. Films, drama and non-drama productions in progress is stated at cost incurred to date, less any identified impairment losses.

12. TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	97,385	155,352
<i>Less: Allowance for impairment of trade receivables</i>	<u>(13,100)</u>	<u>(8,583)</u>
	84,285	146,769
Other receivables and deposits	1,577	3,482
Prepayments	<u>15,549</u>	<u>13,088</u>
	<u>101,411</u>	<u>163,339</u>

As at 31 December 2020, the gross amount of trade receivables arising from contracts with customers amounted to RMB97,385,000 (2019: RMB155,352,000).

The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of films or services. At the end of the reporting period, the aged analysis of trade receivables, net of impairment loss recognised presented based on the invoice dates, which approximated the respective revenue recognition dates, are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 90 days	36,934	137,726
91 to 180 days	25,624	7,442
Over 181 days	<u>21,727</u>	<u>1,601</u>
Total	<u>84,285</u>	<u>146,769</u>

13. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	<u>38,120</u>	<u>69,118</u>
Other payables	2,168	1,845
Accrued payroll and accruals	<u>3,954</u>	<u>4,845</u>
	<u>6,122</u>	<u>6,690</u>
Trade and other payables	<u><u>44,242</u></u>	<u><u>75,808</u></u>
Contract liabilities	<u><u>79,492</u></u>	<u><u>29,522</u></u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 90 days	13,683	58,045
91 to 180 days	<u>24,437</u>	<u>11,073</u>
Total	<u><u>38,120</u></u>	<u><u>69,118</u></u>

The average credit period is ranged from 60 days to 180 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue decreased from RMB302,227,000 to RMB114,373,000 in 2020, representing a decrease of 62%. The following table sets out the revenue of the Group for the year as well as for 2019.

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Films, drama and non-drama	84,530	262,851
Artiste and event management	28,680	34,717
Others	1,163	4,659
	<u>114,373</u>	<u>302,227</u>

Film and Drama and Non-Drama Productions

The second cop thriller sequel titled “Flying Tiger 2” 《飛虎之雷霆極戰》 headlined by Michael Miu (苗僑偉), Bosco Wong (黃宗澤), Kenneth Ma (馬國明) and Ron Ng (吳卓羲) was telecasted on TVB platform in the first half of 2020 which attracted strong viewing rating on Jade. The drama was also released on Youku, the leading video streaming platform in the mainland China, and won the “Best Web Series” TV drama at the 16th Chinese American Television Festival 2020.

Due to the outbreak of COVID-19, the movie “Leap” 《奪冠》 which the Group invested and originally scheduled for release in the Chinese New Year in mainland China was postponed to release on the National Day. In 2019, a musical comedy movie adapted from the popular Off-Broadway show “I Love You, You're Perfect, Now Change!” 《你咪理，我愛你！》 was released in Chinese New Year, another film “Line Walker 2: Invisible Spy” 《使徒行者2：諜影行動》 was released across mainland China and Hong Kong theatres in August 2019. “Line Walker 2: Invisible Spy” was awarded the “Golden Angel Award Films” at the 16th Chinese American Film Festival 2020.

TV online drama “Impossible Three” 《非凡三俠》 played by Bosco Wong (黃宗澤) , Julian Cheung Chi-lam (張智霖) and Chrissie Chau (周秀娜) was released on Youku and TVB platform in November and December 2020 respectively.

Riding on the success of the “Flying Tiger” drama series, the Group commenced the shooting of the third “Flying Tiger” sequel titled “Flying Tiger 3” 《飛虎之壯志英雄》 led by Bosco Wong (黃宗澤) , Michael Miu (苗僑偉) , Ron Ng (吳卓羲) , Eddie Cheung (張兆輝) , Joe Ma (馬德鐘) and Roger Kwok (郭晉安) in July 2020. This TV online drama is scheduled to released on the Youku platform in the fourth quarter of 2021.

Artiste and Event Management

The outbreak of COVID-19 had affected the Group’s operation in the artiste and event management segment as commercial activities and artists performance had either been suspended or postponed. The Group’s revenues from this segment in 2020 has been adversely affected.

During the year, there are 86 artistes under management of the Group. The turnover recorded a decrease of approximately 17% from RMB34,717,000 for the last year to RMB28,680,000 in the current year.

Financial Review

The revenue of the Group decreased from RMB302,227,000 in 2019 to RMB114,373,000 in 2020, representing a decrease of 62%. Profit attributable to the owners of the Company was decreased by 87% to RMB2,263,000 in 2020. The decrease was mainly due to the reduced contribution from films and drama, and artiste and event management segment during the year. The outbreak of COVID-19 since early 2020 has dented the sentiment in Hong Kong and mainland China’s entertainment industry as a whole. As a result, there had been deferral in the release and development of certain films and drama projects and decline in external commercial engagements in artiste and event management businesses during the year. For the year, earnings per share amounted to RMB0.16 cents (2019: RMB1.26 cents).

Prior to 1 January 2020, RMB was regarded as the functional currency of the Company and certain subsidiaries. Following the current development of the Group's investments in films, drama and non-drama and production in progress and artiste and event management business, the directors of the Company have evaluated the primary economic environment in which the Company operated and determined that the functional currency of the Company and certain of its subsidiaries changed to HK\$. The effects of the change of the functional currency of the Company and certain of its subsidiaries had been accounted for prospectively from 1 January 2020.

During the year, revenue from films, drama and non-drama amounted to RMB84,530,000 (2019: RMB262,851,000). The decrease was due to recognition of major portion of the income from one major TV drama in last year and lesser share of income from the movies released compared to 2019. Artiste and event management service income decreased from RMB34,717,000 in 2019 to RMB28,680,000 in 2020 due to a decline in external commercial engagements during the year.

Due to lesser business activities carried out in the year, cost of sales was decreased by 62% to RMB72,259,000 (2019: RMB189,064,000)

Other income and gains for the year of RMB12,349,000 (2019: RMB3,198,000) mainly represented (i) bank interest income, (ii) one-off subsidy granted from the Employment Support Scheme and (iii) exchange gain from appreciation of RMB on certain RMB denominated monetary assets.

Selling and distribution expenses in 2020 amounted to RMB6,253,000, representing a decrease of 73% from RMB23,430,000 in 2019, which was mainly attributable to decline in business activities.

Administrative expenses were decreased by 11% to RMB43,998,000 in 2020 as compared to RMB49,640,000 in 2019. The decrease was primarily due to the implementation of cost tightening measures during the year in view of the difficult operating environment under the pandemic situation.

Other operating expenses for the year amounting to RMB4,621,000 (2019: RMB5,352,000) mainly represented provision of impairment loss on trade receivables.

Income tax expense for the year decreased from RMB17,563,000 in 2019 to RMB970,000 which was in line with reduction in overall profitability.

Trade receivables from third parties, net of loss allowance, decreased from RMB146,769,000 as at 31 December 2019 to RMB84,285,000 as at 31 December 2020 due to receipt of box office income from the movie distributors during the year.

As at 31 December 2020, films, drama and non-drama productions in progress increased to RMB89,977,000 (31 December 2019: RMB31,507,000). Such increase was mainly due to the shooting of a co-production drama during the year.

Investment in films, drama and non-drama increased from RMB71,340,000 as at 31 December 2019 to RMB95,456,000 as at 31 December 2020 due to investments in certain new movie projects.

Trade and other payables decreased from RMB75,808,000 as at 31 December 2019 to RMB44,242,000 as at 31 December 2020 due to distribution of share of box office movie income attributable to the other investors according to their percentages of investment during the year.

Contract liabilities was increased by 169% from RMB29,522,000 as at 31 December 2019 to RMB79,492,000 as at 31 December 2020, which is due to the receipt in advance from a co-production drama.

Amounts due to related parties increased from RMB26,900,000 as at 31 December 2019 to RMB52,656,000 as at 31 December 2020 due to additional payables related to artistes and event service income, net of commission income receivable by the Group.

The Group had repaid all the bank borrowings (31 December 2019: RMB13,424,000) during the year.

Liquidity and Financial Resources

The Group financed its operations with internal resources and bank borrowings, whenever necessary. As at 31 December 2020, the Group had total bank balances and cash and short-term bank deposits amounting RMB293,029,000 (31 December 2019: RMB328,836,000). The Group's bank and cash balances were denominated in HK\$, RMB and United States Dollars ("USD").

Pledge of Assets

As at 31 December 2020, the Group did not have any pledge of assets (31 December 2019: nil).

Capital Structure

As at 31 December 2020, the Group's equity attributable to owners of the Company decreased by 5.2% to RMB413,591,000 (31 December 2019: RMB436,116,000). Net assets value per share attributable to owners of the Company as at 31 December 2020 was RMB29.13 cents (31 December 2019: RMB30.72 cents). Current ratio was 3.2 as at 31 December 2020 (31 December 2019: 3.6).

As at 31 December 2020 and 31 December 2019, the number of total issued shares of the Company was 1,419,610,000.

Capital Commitments and Contingent Liabilities

As at 31 December 2020 and 31 December 2019, the Group did not have capital commitments and contingent liabilities.

Final Dividend

No final dividend was recommended by the Board for the year.

Foreign Exchange Risk

The Group mainly operates in Hong Kong and the PRC with most of its transactions settled in HK\$ and RMB. Part of the Group's cash and bank deposits was denominated in HK\$, RMB and USD.

During the year, the Group did not hedge any exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against RMB or HK\$ may cause financial impacts on the Group. The Group closely monitored its foreign exchange exposures and used suitable hedging arrangements, where necessary.

Bank Borrowings and Gearing Ratio

The Group had repaid all the bank borrowings during the year. The gearing ratio of the Group, calculated on the basis of interest-bearing debts over total assets, was nil as at 31 December 2020 (31 December 2019: 2.25%).

Human Resources

As at 31 December 2020, the Group had a total of 68 employees (31 December 2019: 62 employees).

Compliance with the Relevant Laws and Regulations

As far as the Board and management of the Company are aware, the Group had complied in material respects with the relevant laws and regulations that had 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 was committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavoured 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 had been adopted in the Group, including the recycling of used papers and energy saving. Details of the environmental policies and performance of the Group will be disclosed in the “Environmental, Social and Governance Report” which will be included in 2020 Annual Report to be published in due course.

Relationships with Stakeholders

The Company recognised that employees are our valuable assets. Thus, the Group provided competitive remuneration package to attract and motivate the employees. The Group regularly reviewed the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also understood that it was important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals, therefore, our management had established effective 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 Board and Management of the Company recognise the importance of maintaining high standards of corporate governance. The Company had adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its code which gives guidance on how corporate governance principles are applied to the Group. The Board reviews its corporate governance practices continuously to cope with the evolving needs of the Group. The Company was in compliance with the CG Code during the year.

The latest Corporate Governance Report of the Company will be included in the Company’s annual report for the year which will be available on our website at www.shawbrotherspictures.com (the “Company’s Website”).

Audit Committee

The Audit Committee of the Company was established in 2010 with written terms of reference, which is available on the website of the Stock Exchange at www.hkexnews.hk (the “Exchange’s Website”) and the Company’s Website. It has three members comprising Mr. Poon Kwok Hing Albert (chairman), Mr. Pang Hong and Miss Szeto Wai Ling Virginia, all are independent non-executive Directors.

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.

The Audit Committee has reviewed the interim results and annual results of the Group for the year. The Group's annual results for the year had been reviewed by the Audit Committee together with Management 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 auditor.

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 of 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 Model Code during the year.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement is published on the Exchange's Website and the Company's Website. The annual report of the Group for the year ended 31 December 2020 will be despatched to Shareholders at the appropriate time and will be available on the Exchange's Website and the Company's Website in due course.

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

Hong Kong, 22 March 2021

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

Chairman and Non-executive Director

Mr. Li Ruigang

Executive Director

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