

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

Interim
Report
2021





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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Miss Lok Yee Ling Virginia (Committee Chairlady)

Mr. Hui To Thomas

AUDIT COMMITTEE

Mr. Poon Kwok Hing Albert (Committee Chairman)

Mr. Pang Hong

Miss Szeto Wai Ling Virginia

REMUNERATION COMMITTEE

Miss Szeto Wai Ling Virginia (Committee Chairlady)

Mr. Pang Hong

Mr. Poon Kwok Hing Albert

NOMINATION COMMITTEE

Mr. Pang Hong (Committee Chairman)

Mr. Poon Kwok Hing Albert

Miss Szeto Wai Ling Virginia

COMPANY SECRETARY

Miss Chan Yin Yi Annie (*resigned on 1 July 2021*)

Miss Leung Tsz Kwan (*appointed on 1 July 2021*)

AUTHORISED REPRESENTATIVES

Miss Lok Yee Ling Virginia

Miss Chan Yin Yi Annie (*resigned on 1 July 2021*)

Miss Leung Tsz Kwan (*appointed on 1 July 2021*)

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

STOCK CODE

00953

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D

P.O. Box 1586, Gardenia Court

Camana Bay, Grand Cayman

KY1-1100, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISER TO CAYMAN ISLANDS

Conyers Dill & Pearman, Cayman

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited

Standard Chartered Bank (Hong Kong) Limited

WEBSITE

www.shawbrotherspictures.com

BUSINESS REVIEW

The Group's revenue increased from RMB24,096,000 to RMB41,201,000 in 2021, representing an increase of 71%. The following table sets out the revenue of the Group for the period as well as for 2020.

| | Six months ended 30 June | |
|------------------------------|--------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Films, drama and non-drama | 26,825 | 12,449 |
| Artiste and event management | 11,926 | 11,368 |
| Others | 2,450 | 279 |
| | 41,201 | 24,096 |

FILMS, DRAMA AND NON-DRAMA

During the period, "All U Need Is Love" 《總是有愛在隔離》in which the Group invested was released both in Hong Kong and mainland China during the Easter Holiday. For enriching the business portfolio and broadening the income stream, the Group continued to invest and produce films, drama and non-drama in Hong Kong and mainland China. The collaboration with TVB Anywhere and MyTV Super successfully launched 3 variety shows including "Master's Talk" 《師父有請》, "Coffee, You and Me 2" 《緣來自咖啡2》and "Drive U To The Hell" 《鬼上你架車》during the period. The Group kept exploring investment opportunities in mainland China and 3 small-scale movie/variety shows projects were released in various Chinese portals and video web site during the period.

In the first half of 2020, 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 2020. Riding on the success of the "Flying Tiger" drama series, the Group has 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. "Flying Tiger 3" is now in post-production stage and expected to be released on Youku platform in the third quarter of 2021. A 30-episode anti-corruption drama series 《廉政狙擊》starring Bosco Wong (黃宗澤), Shaun Tam (譚俊彥), Ron Ng (吳卓羲) and Nancy Wu (胡定欣), was kicked off the production since May 2021.

ARTISTE AND EVENT MANAGEMENT

The COVID-19 pandemic in Hong Kong and mainland China has improved, and physical commercial activities have gradually resumed. The performance of the artiste and event management business experienced improvement compared to the same period in 2020. Revenue from the artiste and event management business increased by 5% to RMB11,926,000. The Group now manages 84 artistes (2020: 80 artistes).

OUTLOOK AND PROSPECT

The outbreak of COVID-19 since early 2020 has caused unprecedented challenges to the worldwide economy. Despite the challenging environment, the Group will keep seeking new talents to build up a strong artiste roster and further cooperation with various Chinese portals and online platform for new project development in films, drama and non-drama production. Those measures will strengthen the financial position of the Group for long-term growth through enhancing profitability and maintaining a solid cash flow.

FINANCIAL REVIEW

During the period, the revenue of the Group increased from RMB24,096,000 to RMB41,201,000, representing an increase of 71%. Loss attributable to the owners of the Company amounted to RMB7,412,000 (2020: RMB8,749,000). The positive change for the period was attributable to the improvement from films, drama and non-drama, and artiste and event management businesses due to the relatively stable situation of COVID-19 in Hong Kong and mainland China. For the period, loss per share amounted to RMB0.52 cents (2020: RMB0.62 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from films, drama and non-drama increased from RMB12,449,000 to RMB26,825,000 due to the recognition of certain movie, TV drama and non-drama during the period. Artiste and event management service income increased from RMB11,368,000 to RMB11,926,000 due to the growing external commercial engagements during the period.

Other income and gains for the period amounting to RMB3,498,000 (30 June 2020: RMB2,744,000) mainly represented the bank interest income.

Cost of sales increased from RMB12,501,000 to RMB28,498,000 due to the release of certain movie, TV drama and non-drama during the period.

Selling and distribution expenses increased from RMB2,586,000 to RMB6,114,000, primarily due to the promotion and advertising activities incurred from the films, drama and non-drama and artiste management during the period.

Administrative expenses decreased by 11% from RMB18,531,000 to RMB16,413,000, primarily due to the implementation of cost tightening measures during the period in view of the difficult operating environment under the pandemic situation.

Reversal of impairment loss of trade receivables for the period amounting to RMB1,815,000 (30 June 2020: impairment loss RMB2,844,000) was mainly due to the recovery of trade receivables.

The income tax expenses for the period increased from RMB142,000 to RMB4,636,000. The income tax expenses incurred for the period was mainly due to the tax impact of the reversal on the payables of a subsidiary in PRC. Details of income tax are set out in Note 6 to the condensed consolidated financial statements in this report.

Trade receivables from third parties, net of loss allowance, decreased from RMB84,285,000 as at 31 December 2020 to RMB70,901,000 as at 30 June 2021 due to the receipt of the box office income from the movie distributors.

Investments in films, drama and non-drama decreased from RMB95,456,000 as at 31 December 2020 to RMB73,283,000 as at 30 June 2021 due to the release of certain movie, TV drama and non-drama investments.

Films, drama and non-drama productions in progress increased from RMB89,977,000 as at 31 December 2020 to RMB110,474,000 as at 30 June 2021 due to the production in progress of certain drama projects.

Trade and other payables decreased from RMB44,242,000 as at 31 December 2020 to RMB29,450,000 as at 30 June 2021 due to the certain payment of share of box office movie income attributable to the other investors according to their percentages of investment during the period.

Contract liabilities increased from RMB79,492,000 as at 31 December 2020 to RMB125,704,000 as at 30 June 2021 due to the receipt in advance from a co-production drama.

Amounts due to related parties decreased from RMB52,656,000 as at 31 December 2020 to RMB50,742,000 as at 30 June 2021 due to the payment related to artistes and event service income, net of commission income receivable by the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resources and bank borrowings. Bank balances and cash and short-term bank deposits increased from RMB293,029,000 as at 31 December 2020 to RMB327,230,000 as at 30 June 2021. As at 30 June 2021, the Group's bank and cash balances were denominated in RMB, Hong Kong Dollars ("HKD") and United States Dollars ("USD").

CAPITAL STRUCTURE

As at 30 June 2021, the Group's equity attributable to owners of the Company decreased by 2.82% to RMB401,938,000 (31 December 2020: RMB413,591,000). Net assets value per share attributable to the owners of the Company as at 30 June 2021 was RMB28.31 cents (31 December 2020: RMB29.13 cents). Current ratio was 2.8 as at 30 June 2021 (31 December 2020: 3.2).

As at 30 June 2021 and 31 December 2020, the number of total issued shares of the Company was 1,419,610,000.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had capital commitment on unpaid registered capital of an associate at RMB1,600,000 (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, the Group did not have contingent liabilities.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and mainland China with most of its transactions settled in HKD and RMB. The Group's cash and bank deposits is denominated in HKD, RMB and USD.

During the period, the Group did not hedge any exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against RMB may cause financial impacts on the Group. The Group closely monitors its foreign exchange exposures and uses suitable hedging arrangements, where necessary.

BANK BORROWINGS AND GEARING RATIO

As at 30 June 2021, the Group did not have interest-bearing bank borrowings (31 December 2020: Nil).

HUMAN RESOURCES

As at 30 June 2021, the Group had a total of 64 employees (31 December 2020: 68 employees).

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the period ended 30 June 2021 (six months ended 30 June 2020: Nil).

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions of the Corporate Governance Codes 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 "Stock Exchange") during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATION

As at 30 June 2021, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

LONG POSITION IN THE SHARES OF THE COMPANY

| Name of Director | Nature | No. of shares held | Approximately percentage of shareholding |
|------------------|------------------------------------|--------------------|--|
| | | | (Note 1) |
| Mr. Li Ruigang | Interest of controlled corporation | 425,000,000# | 29.94% |
| | | (Note 2) | |

Notes:

Duplication of shareholdings occurred between parties# shown in the table here and below under the sub-heading of "Other Persons' Interests in the Shares and Underlying Shares of the Company".

Share(s) is/are the ordinary share(s) of the Company.

1. The percentage was calculated based on the total number of Shares in issue as at 30 June 2021, which was 1,419,610,000.
2. Mr. Li Ruigang was interested in such 425,000,000 Shares through certain corporations controlled directly or indirectly by him. Shine Investment Limited ("Shine Investment"), Shine Holdings Cayman Limited ("Shine Holdings"), CMC Shine Acquisition Limited ("CMC Shine Acquisition"), CMC Shine Holdings Limited ("CMC Shine Holdings"), CMC Inc., GLRG Holdings Limited ("GLRG Holdings"), Gold Pioneer Worldwide Limited ("Gold Pioneer") and Brilliant Spark Holdings Limited ("Brilliant Spark") were the substantial shareholders of the Company. Shine Investment was interested in such 425,000,000 Shares. Shine Investment was 85% owned by Shine Holdings which was wholly-owned by CMC Shine Acquisition. CMC Shine Acquisition was wholly-owned by CMC Shine Holdings which was wholly-owned by CMC Inc. CMC Inc. was a non wholly-owned subsidiary of Gold Pioneer. Gold Pioneer held the interest in CMC Inc. directly and also held through its wholly-owned subsidiary, GLRG Holdings. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark was deemed to be interested in such 425,000,000 Shares held by Shine Investment. Brilliant Spark was wholly-owned and controlled by Mr. Li Ruigang.

Save as disclosed above, none of the Directors and chief executive of the Company or any of their spouses or children under 18 years of age, has interests or short positions in the shares, underlying shares or debentures of the Company, or any of the associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the interests or short positions of the persons (other than the Directors or chief executive of the Company), in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO, are set out below:

LONG POSITION IN THE SHARES OF THE COMPANY

| Name of Persons/Entities | Nature | No. of shares held | Approximately |
|---------------------------------------|------------------------------------|--------------------------|----------------------------|
| | | | percentage of shareholding |
| | | | (Note 1) |
| Brilliant Spark | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| Gold Pioneer | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| GLRG Holdings | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| CMC Inc. | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| CMC Shine Holdings | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| CMC Shine Acquisition | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Note 2) | |
| Shine Holdings | Interest of controlled corporation | 425,000,000 [#] | 29.94% |
| | | (Notes 2 and 4) | |
| Shine Investment | Beneficial owner | 425,000,000 [#] | 29.94% |
| | | (Notes 2 and 4) | |
| Television Broadcasts Limited ("TVB") | Deemed interest | 425,000,000 [#] | 29.94% |
| | | (Notes 3 and 4) | |
| Mr. Xie Qing Yu | Beneficial owner | 88,052,000 | 6.20% |

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and above under the sub-heading of "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and the Associated Corporation".

- The percentage was calculated based on the total number of Shares in issue as at 30 June 2021, which was 1,419,610,000.
- Shine Investment, Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark were the substantial shareholders of the Company. Shine Investment was interested in such 425,000,000 Shares. Shine Investment was 85% owned by Shine Holdings which was wholly-owned by CMC Shine Acquisition. CMC Shine Acquisition was wholly-owned by CMC Shine Holdings which was wholly-owned by CMC Inc. CMC Inc. was a non wholly-owned subsidiary of Gold Pioneer. Gold Pioneer held the interest in CMC Inc. directly and also held through its wholly-owned subsidiary, GLRG Holdings. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark was deemed to be interested in such 425,000,000 Shares held by Shine Investment. Brilliant Spark was 100% owned by Mr. Li Ruigang. Mr. Li Ruigang was interested in such 425,000,000 Shares through the above corporations controlled directly or indirectly by him (also see Note 4 below).
- TVB was deemed to be interested in such 425,000,000 Shares through its interest in Shine Investment (also see Note 4 below).
- Shine Investment, Shine Holdings and TVB were parties of the agreement (the "Agreement") to hold the interest in such 425,000,000 Shares. The Agreement was the one to which section 317 of the SFO applied.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALES 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 period.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are set out in Note 18 to the condensed consolidated financial statements in this report.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the period has not been audited, but has been reviewed by the external auditor of the Company. The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and this interim report for the period.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF SHAW BROTHERS HOLDINGS LIMITED

邵氏兄弟控股有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shaw Brothers Holdings Limited (the “Company”) and its subsidiaries set out on pages 10 to 26, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong
23 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

| | Notes | Six months ended 30 June | |
|--|-------|--------------------------------|--------------------------------|
| | | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Revenue | 3 | 41,201 | 24,096 |
| Cost of sales | | (28,498) | (12,501) |
| Gross profit | | 12,703 | 11,595 |
| Other income and gains | | 3,498 | 2,744 |
| Selling and distribution expenses | | (6,114) | (2,586) |
| Administrative expenses | | (16,413) | (18,531) |
| Reversal of impairment loss of (impairment loss of) trade receivables | | 1,815 | (2,844) |
| Finance costs | 5 | (14) | (333) |
| Loss before tax | | (4,525) | (9,955) |
| Income tax expenses | 6 | (4,636) | (142) |
| Loss for the period | 7 | (9,161) | (10,097) |
| Loss for the period attributable to: | | | |
| – Owners of the Company | | (7,412) | (8,749) |
| – Non-controlling interests | | (1,749) | (1,348) |
| Loss for the period | | (9,161) | (10,097) |
| Loss per share | | | |
| Basic and diluted (RMB cents) | 8 | (0.52) | (0.62) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (9,161) | (10,097) |
| Other comprehensive (expenses) income for the period | | |
| <i>Item 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 | (4,004) | 7,532 |
| Total comprehensive expenses for the period | (13,165) | (2,565) |
| Total comprehensive expenses for the period attributable to: | | |
| – Owners of the Company | (11,653) | (730) |
| – Non-controlling interests | (1,512) | (1,835) |
| | (13,165) | (2,565) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

| | Notes | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|-------|---|---|
| Non-current assets | | | |
| Plant and equipment | 10 | 2,080 | 1,044 |
| Equity instruments at fair value through other comprehensive income | | – | – |
| Right-of-use assets | | 518 | 748 |
| Television programme rights | | 3,807 | 4,107 |
| Interest in an associate | 11 | 400 | – |
| | | 6,805 | 5,899 |
| Current assets | | | |
| Investments in films, drama and non-drama | 12 | 73,283 | 95,456 |
| Films, drama and non-drama productions in progress | 12 | 110,474 | 89,977 |
| Trade and other receivables | 13 | 88,282 | 101,411 |
| Amounts due from related parties | 16 | 856 | 1,161 |
| Amounts due from an associate | | 100 | – |
| Bank balances and cash | 14 | 327,230 | 293,029 |
| | | 600,225 | 581,034 |
| Current liabilities | | | |
| Trade and other payables | 15 | 29,450 | 44,242 |
| Contract liabilities | 15 | 125,704 | 79,492 |
| Income tax payables | | 8,413 | 4,429 |
| Lease liabilities | | 454 | 449 |
| Amounts due to related parties | 16 | 50,742 | 52,656 |
| | | 214,763 | 181,268 |
| Net current assets | | 385,462 | 399,766 |
| Total assets less current liabilities | | 392,267 | 405,665 |
| Non-current liabilities | | | |
| Lease liabilities | | 78 | 311 |
| Net assets | | 392,189 | 405,354 |
| Capital and reserves | | | |
| Share capital | | 12,322 | 12,322 |
| Reserves | | 389,616 | 401,269 |
| Equity attributable to owners of the Company | | 401,938 | 413,591 |
| Non-controlling interests | | (9,749) | (8,237) |
| Total equity | | 392,189 | 405,354 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

| | Attributable to the owners of the Company | | | | | | | | Total RMB'000 |
|---|---|-----------------------------|---|--------------------------------|--|--------------------------------|------------------|---|------------------|
| | Share Capital RMB'000 | Share premium RMB'000 | Financial assets measured at fair value through other comprehensive income reserve RMB'000 | Exchange reserve RMB'000 | Other reserves RMB'000 (Note a) | Accumulated loss RMB'000 | Total RMB'000 | Non- controlling interests RMB'000 | |
| At 1 January 2021 | 12,322 | 750,821 | (678) | (23,766) | 141,080 | (466,188) | 413,591 | (8,237) | 405,354 |
| Loss for the period | - | - | - | - | - | (7,412) | (7,412) | (1,749) | (9,161) |
| Other comprehensive expenses for the period: <i>Item 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 | - | - | - | (4,241) | - | - | (4,241) | 237 | (4,004) |
| Total comprehensive expenses for the period | - | - | - | (4,241) | - | (7,412) | (11,653) | (1,512) | (13,165) |
| At 30 June 2021 (Unaudited) | 12,322 | 750,821 | (678) | (28,007) | 141,080 | (473,600) | 401,938 | (9,749) | 392,189 |
| At 1 January 2020 | 12,322 | 750,821 | (708) | - | 142,000 | (468,319) | 436,116 | (6,423) | 429,693 |
| Loss for the period | - | - | - | - | - | (8,749) | (8,749) | (1,348) | (10,097) |
| Other comprehensive expenses for the period: <i>Item 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 | - | - | - | 8,019 | - | - | 8,019 | (487) | 7,532 |
| Total comprehensive income (expenses) for the period | - | - | - | 8,019 | - | (8,749) | (730) | (1,835) | (2,565) |
| At 30 June 2020 (Unaudited) | 12,322 | 750,821 | (708) | 8,019 | 142,000 | (477,068) | 435,386 | (8,258) | 427,128 |

Notes:

(a) Other reserves

The other reserves comprise the reserves arising from changes in ownership of a subsidiary without losing control upon the transfer of interests and the reserves arising from corporate reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 42,698 | 48,247 |
| INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (1,338) | (29) |
| Disposal of plant and equipment | 3 | – |
| Interests received | 1,074 | 1,705 |
| Capital injection in an associate | (400) | – |
| NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES | (661) | 1,676 |
| FINANCING ACTIVITIES | | |
| Repayments of principal element of lease liabilities | (201) | (255) |
| Interests paid | (14) | (307) |
| NET CASH USED IN FINANCING ACTIVITIES | (215) | (562) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 41,822 | 49,361 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 293,029 | 328,836 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (7,621) | 2,909 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 327,230 | 381,106 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 substantial shareholder of the Company is Mr. Li Ruigang (“Mr. Li”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the interim report.

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except for described as below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current interim period, the Group has applied the amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--|--|
| Amendment to HKFRS16 | COVID-19 Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Accounting policies newly applied by the Group

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

INTEREST IN AN ASSOCIATE

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. REVENUE

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

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Films, drama and non-drama production | 3,934 | 12,449 |
| Investments in films, drama and non-drama | 22,891 | – |
| Artiste management services income | 11,918 | 10,804 |
| Event management services income | 8 | 564 |
| Others | 2,450 | 279 |
| | 41,201 | 24,096 |

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 – 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.

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 | | Others | | Total | |
|----------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Six months ended 30 June | | | | | | | |
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Segment revenue | 26,825 | 12,449 | 11,926 | 11,368 | 2,450 | 279 | 41,201 | 24,096 |
| Segment profit(loss) | 2,549 | 847 | 1,549 | 1,940 | 2,156 | (1,634) | 6,254 | 1,153 |
| Unallocated income | | | | | | | 3,498 | 2,744 |
| Unallocated expenses | | | | | | | (14,277) | (13,852) |
| Loss before tax | | | | | | | (4,525) | (9,955) |

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit (loss) represents the profit (loss) incurred by each segment without allocation of interest income, finance costs 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. FINANCE COSTS

| | Six months ended 30 June | |
|-------------------|--------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Interests on: | | |
| Bank borrowings | – | 307 |
| Lease liabilities | 14 | 26 |
| | 14 | 333 |

6. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|------------------------------------|--------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Current tax: | | |
| People's Republic of China ("PRC") | | |
| Enterprise Income Tax ("EIT") | 4,250 | 142 |
| Hong Kong Profits Tax | 386 | – |
| | 4,636 | 142 |

- 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\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 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 six months ended 30 June 2020 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. LOSS FOR THE PERIOD

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

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Directors' emoluments: | | |
| Salaries and allowances | 721 | 784 |
| Contributions to retirement benefits scheme | 8 | 8 |
| | 729 | 792 |
| Staff costs: | | |
| Salaries and allowances | 8,397 | 8,661 |
| Contributions to retirement benefits scheme | 882 | 706 |
| | 9,279 | 9,367 |
| Total staff costs | 10,008 | 10,159 |
| Amortisation of television programme rights | 254 | – |
| Loss on disposal of plant and equipment | 17 | – |
| Depreciation of plant and equipment | 279 | 201 |
| Depreciation of right-of-use assets | 222 | 242 |
| Interest income | (1,074) | (1,705) |
| Exchange (gain) loss, net | (1,827) | 3,503 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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:

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to the owners of the Company) | (7,412) | (8,749) |
| <hr/> | | |
| | 2021 '000 | 2020 '000 |
| Number of shares | | |
| Number of ordinary shares for the purpose of basic and diluted loss per share | 1,419,610 | 1,419,610 |

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

9. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

10. MOVEMENT IN PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group paid approximately RMB1,338,000 on addition of plant and equipment (six months ended 30 June 2020: RMB29,000).

11. INTEREST IN AN ASSOCIATE

During the six months ended 30 June 2021, a non-wholly owned subsidiary of the Group established an associate, 廣東海美互娛文化傳媒有限公司 (“廣東海美”) with three independent third parties. The registered capital of 廣東海美 is RMB10,000,000, among which, RMB2,000,000 to be contributed by the Group. The subsidiary held 20% equity interest in the associate. As at 30 June 2021, the Group is committed to further contribute capital of RMB1,600,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Investments in films, drama and non-drama | 73,283 | 95,456 |

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 films, drama and non-drama projects.

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|--|---|---|
| Films, drama and non-drama productions in progress | 110,474 | 89,977 |

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.

13. TRADE AND OTHER RECEIVABLES

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Trade receivables | 75,289 | 97,385 |
| Less: allowance for impairment of trade receivables | (4,388) | (13,100) |
| | 70,901 | 84,285 |
| Other receivables and deposits | 1,629 | 1,604 |
| Less: allowance for impairment of other receivables | (27) | (27) |
| Prepayments | 1,602 | 1,577 |
| | 15,779 | 15,549 |
| | 17,381 | 17,126 |
| Trade and other receivables | 88,282 | 101,411 |

As at 30 June 2021, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB75,289,000 (31 December 2020: RMB97,385,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. TRADE AND OTHER RECEIVABLES *(continued)*

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 provision of impairment loss recognised presented based on the invoice dates, which approximated the respective revenue recognition dates, are as follows:

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|----------------|---|---|
| Within 90 days | 35,038 | 36,934 |
| 91 to 180 days | 8,061 | 25,624 |
| Over 181 days | 27,802 | 21,727 |
| Total | 70,901 | 84,285 |

The movement in the impairment loss of trade and other receivables is as follows:

| | Impairment loss of trade receivables RMB'000 | Impairment loss of other receivables RMB'000 | Total RMB'000 |
|---------------------------------------|---|---|--------------------------|
| Balance as at 1 January 2020 | 8,583 | 27 | 8,610 |
| Loss allowance recognised | 4,621 | – | 4,621 |
| Exchange realignment | (104) | – | (104) |
| Balance as at 31 December 2020 | 13,100 | 27 | 13,127 |
| Deregistration of a subsidiary | (6,880) | – | (6,880) |
| Reversal of loss allowance recognised | (1,815) | – | (1,815) |
| Exchange realignment | (17) | – | (17) |
| Balance as at 30 June 2021 | 4,388 | 27 | 4,415 |

14. BANK BALANCES AND CASH

Bank balances and bank deposits carried interest at market rates which ranged from 0.001% to 2.300% per annum (31 December 2020: 0.001% to 2.700% per annum).

Included in the cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies of relevant group entities:

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|-----|---|---|
| RMB | 115,945 | 134,030 |
| USD | 5,322 | 5,541 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|------------------------------|---|---|
| Trade payables | 26,960 | 38,120 |
| Other payables | 562 | 2,168 |
| Accrued payroll and accruals | 1,928 | 3,954 |
| | 2,490 | 6,122 |
| Trade and other payables | 29,450 | 44,242 |
| Contract liabilities | 125,704 | 79,492 |

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

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|----------------|---|---|
| Within 90 days | 8,665 | 13,683 |
| 91 to 180 days | – | 24,437 |
| Over 181 days | 18,295 | – |
| Total | 26,960 | 38,120 |

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

As at 30 June 2021, contract liabilities increased mainly due to the increase in productions progress for films, drama and non-drama. In general, the Group receives certain percentage of the contract sum in stages depends on the negotiation with individual customers. These deposits are recognised as contract liabilities until the products are given to the customers.

Revenue recognised during the six months ended 30 June 2021 that was included in the contract liabilities at the beginning of the year is RMB4,556,000 (six months ended 30 June 2020: nil). There was no revenue recognised in the current six months that related to performance obligations that were satisfied in a prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16. AMOUNTS DUE FROM (TO) RELATED PARTIES

A) AMOUNTS DUE FROM RELATED PARTIES

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Amounts due from: | | |
| – MyTV Super Limited ("MyTV Super") (Note ii) | 508 | 904 |
| – Television Broadcasts Limited ("TVB") (Note i) | 25 | – |
| – Good Servant Production Limited ("Good Servant Production") (Note iii) | – | 257 |
| – 上海翡翠東方傳播有限公司 (Note ii) | 100 | – |
| – TVB Anywhere Limited ("TVB Anywhere") (Note ii) | 223 | – |
| | 856 | 1,161 |

B) AMOUNTS DUE TO RELATED PARTIES

| | 30 June 2021 RMB'000 (Unaudited) | 31 December 2020 RMB'000 (Audited) |
|---|---|---|
| Amounts due to: | | |
| – TVB (Notes i and v) | 2,167 | 3,230 |
| – Good Servant Production (Notes iii and v) | – | 912 |
| – Mr. Wong Cho Lam ("Mr. Wong") (Notes iii and v) | 48,215 | 43,985 |
| – Ms. Li Yanan Leanne ("Ms. Li") (Notes iv and v) | 360 | 4,529 |
| | 50,742 | 52,656 |

Notes:

- i. TVB had equity interest in the Company, and Mr. Li, the chairman, director and substantial shareholder of the Company is also a substantial shareholder and director of TVB.
- ii. These companies are the subsidiaries of TVB. The amounts are trade nature with credit term of 60 days from the date of invoices and aged within 60 days based on the invoice date at the end of the reporting period. The amounts were settled subsequent to the end of the reporting period.
- iii. Mr. Wong, who is a director and a non-controlling shareholder of Tailor Made Production Limited ("Tailor Made Production"), hold 100% equity interests of Good Servant Production.
- iv. Ms. Li, who is the spouse of Mr. Wong is deemed to be interest in Tailor Made Production in which Mr. Wong is interested.
- v. The amounts are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. RELATED PARTIES TRANSACTIONS

Saved as disclosed in elsewhere of these condensed consolidated financial statements, the Group also had the following transactions with its related parties in trade nature and under normal commercial terms during the interim period:

(A) TRANSACTIONS

| Name of company | Notes | Nature of transaction | Six months ended 30 June | |
|--------------------|-------|------------------------------------|--------------------------------|--------------------------------|
| | | | 2021 RMB'000 (Unaudited) | 2020 RMB'000 (Unaudited) |
| Related companies: | | | | |
| TVB Group | i, ii | Drama production income | – | 12,010 |
| | | Talent fee | (1,730) | (137) |
| | | Artiste management service income | 2,025 | – |
| | | Service fee | (200) | (183) |
| | | License income | 2,109 | – |
| Mr. Wong | iii | Artiste management service income* | 4,477 | 4,364 |
| Ms. Li | iv | Artiste management service income* | – | 746 |

* These are regarded as continuing connected transactions as defined under Main Board Listing Rules.

Notes:

- (i) TVB had equity interest in the Company; and Mr. Li, the chairman, director and substantial shareholder of the Company is also a substantial shareholder and director of TVB.
- (ii) The income was received from (fees paid to) TVB and its subsidiaries ("TVB Group"), including TVB, TVB Publications Limited, MyTV Super, TVB Anywhere and 上海翡翠東方傳播有限公司 during the period.
- (iii) Mr. Wong is a director and a non-controlling shareholder of Tailor Made Production and indirectly holding approximately 26.4% of the issued shares of Tailor Made Production.
- (iv) Ms. Li, who is the spouse of Mr. Wong is deemed to be interest in Tailor Made Production in which Mr. Wong is interested.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. RELATED PARTIES TRANSACTIONS *(continued)*

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the six months were as follows:

| | Six months ended 30 June | |
|--------------------------|--------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Short-term benefits | 2,226 | 2,406 |
| Post-employment benefits | 38 | 41 |
| | 2,264 | 2,447 |

18. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2021, Shaw Brothers Pictures Limited, a wholly owned subsidiary of the Company and Big Big e-Commerce Group Limited ("Big Big e-Commerce"), a subsidiary of TVB, and a special purpose vehicle ("SPV") established by Big Big e-Commerce entered into a subscription agreement. Pursuant to the agreement, the Group will invest in the SPV and own a minority of shares and voting rights at completion. The aggregate consideration in respect of the shares of the SPV to be subscribed by the Company is HK\$35,000,000, to be satisfied in cash.

In addition, the SPV will subscribe approximately 75% of the issued share capital of Ztore Investment Limited, which owns and operates two e-commerce platforms in Hong Kong, namely ztore.com and neigbuy.com.

For details, please refer to the Company's announcement dated 19 August 2021.