

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

2021 RESULTS HIGHLIGHTS

- Revenue increased from RMB114,373,000 to RMB215,518,000.
- Profit attributable to owners of the Company amounted to RMB16,403,000 (2020: RMB2,263,000).
- Earnings per share was RMB1.16 cents (2020: RMB0.16 cents).
- Bank balances and cash amounted to RMB312,059,000 as at 31 December 2021 (31 December 2020: RMB293,029,000).
- Net assets value per share attributable to the owners of the Company as at 31 December 2021 was RMB29.51 cents (31 December 2020: RMB29.13 cents).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2021.

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 2021 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	3	215,518	114,373
Cost of sales		(134,638)	(72,259)
Gross profit		80,880	42,114
Other income and gains	5	6,261	12,349
Selling and distribution expenses		(7,590)	(6,253)
Administrative expenses		(35,937)	(43,998)
Impairment loss of investments in film		(20,824)	–
Reversal of impairment loss of (impairment loss of) trade receivables		1,010	(4,621)
Share of loss of an associate		(436)	–
Finance costs	6	(323)	(511)
Profit (loss) before tax		23,041	(920)
Income tax expenses	7	(7,581)	(970)
Profit (loss) for the year	8	<u>15,460</u>	<u>(1,890)</u>
Profit (loss) for the year attributable to:			
– Owners of the Company		16,403	2,263
– Non-controlling interests		(943)	(4,153)
Profit (loss) for the year		<u>15,460</u>	<u>(1,890)</u>
Earnings per share			
– Basic and diluted (<i>RMB cents</i>)	9	<u>1.16</u>	<u>0.16</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) for the year	<u>15,460</u>	<u>(1,890)</u>
Other comprehensive expenses for the year		
<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	<u>(10,392)</u>	<u>(22,449)</u>
Total comprehensive income (expenses) for the year	<u>5,068</u>	<u>(24,339)</u>
Total comprehensive income (expenses) for the year attributable to:		
– Owners of the Company	5,392	(21,647)
– Non-controlling interests	<u>(324)</u>	<u>(2,692)</u>
	<u>5,068</u>	<u>(24,339)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Plant and equipment		2,400	1,044
Equity instruments at fair value through other comprehensive income	<i>11</i>	28,616	–
Interest in an associate		464	–
Right-of-use assets		6,317	748
Television programme rights		3,491	4,107
		<hr/> 41,288	<hr/> 5,899
Current assets			
Investments in films, drama and non-drama	<i>12</i>	63,237	95,456
Films, drama and non-drama productions in progress	<i>12</i>	65,340	89,977
Trade and other receivables	<i>13</i>	99,909	101,411
Amounts due from related parties		920	1,161
Bank balances and cash		312,059	293,029
		<hr/> 541,465	<hr/> 581,034
Current liabilities			
Trade and other payables	<i>14</i>	37,394	44,242
Contract liabilities	<i>14</i>	83,270	79,492
Income tax payables		7,986	4,429
Lease liabilities		1,095	449
Amounts due to related parties		37,176	52,656
		<hr/> 166,921	<hr/> 181,268
Net current assets		<hr/> 374,544	<hr/> 399,766
Total assets less current liabilities		<hr/> 415,832	<hr/> 405,665

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

As at 31 December 2021

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liability		
Lease liabilities	<u>5,410</u>	<u>311</u>
Net assets	<u>410,422</u>	<u>405,354</u>
Capital and reserves		
Share capital	12,322	12,322
Reserves	<u>406,661</u>	<u>401,269</u>
Equity attributable to owners of the Company	418,983	413,591
Non-controlling interests	<u>(8,561)</u>	<u>(8,237)</u>
Total equity	<u>410,422</u>	<u>405,354</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 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.

2. PRINCIPAL ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 January 2021:

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

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Films, drama and non-drama production	141,816	49,588
Investments in films, drama and non-drama	38,997	34,942
Artiste management services income	30,604	27,253
Event management services income	4,073	1,427
Others	28	1,163
	<u>215,518</u>	<u>114,373</u>

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

4. SEGMENT INFORMATION

Information reported to the executive 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.

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.

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							
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Segment revenue	<u>180,813</u>	<u>84,530</u>	<u>34,677</u>	<u>28,680</u>	<u>28</u>	<u>1,163</u>	<u>215,518</u>	<u>114,373</u>
Segment profit (loss)	<u>33,206</u>	<u>16,491</u>	<u>10,980</u>	<u>8,085</u>	<u>24</u>	<u>(3,544)</u>	<u>44,210</u>	<u>21,032</u>
Unallocated income							6,261	12,349
Unallocated expenses							(27,430)	(34,301)
Profit (loss) before tax							<u>23,041</u>	<u>(920)</u>

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 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 the People's Republic of China (the "PRC") and Hong Kong.

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 2021	<u>196,396</u>	<u>19,122</u>	<u>215,518</u>
Year ended 31 December 2020	<u>88,920</u>	<u>25,453</u>	<u>114,373</u>
<i>Non-current assets (Note)</i>			
As at 31 December 2021	<u>9,020</u>	<u>3,652</u>	<u>12,672</u>
As at 31 December 2020	<u>718</u>	<u>5,181</u>	<u>5,899</u>

Note: Non-current assets excluded equity instruments at fair value through other comprehensive income.

5. OTHER INCOME AND GAINS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net exchange gain	2,945	6,432
Interest income	2,137	3,491
Government subsidy	245	1,549
Others	<u>934</u>	<u>877</u>
	<u>6,261</u>	<u>12,349</u>

6. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interests on:		
Bank borrowings	–	465
Lease liabilities	<u>323</u>	<u>46</u>
	<u>323</u>	<u>511</u>

7. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax:		
Hong Kong Profits Tax	2,999	2,209
PRC Enterprise Income Tax (“EIT”)	<u>5,563</u>	<u>201</u>
	8,562	2,410
Overprovision in prior years:		
Hong Kong Profits Tax	(981)	–
EIT	<u>–</u>	<u>(1,440)</u>
	<u>7,581</u>	<u>970</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 2021 and 2020.

8. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments:		
Salaries and allowances	2,928	2,325
Contributions to retirement benefits scheme	10	16
	<u>2,938</u>	<u>2,341</u>
Staff costs:		
Salaries and allowances	17,579	17,058
Contributions to retirement benefits scheme	1,803	935
	<u>19,382</u>	<u>17,993</u>
Total staff cost	<u>22,320</u>	<u>20,334</u>
Amortisation of television programme rights	506	–
(Reversal of) impairment loss on trade and other receivables	(1,010)	4,621
Auditors' remuneration	1,178	1,225
Depreciation of plant and equipment	625	413
Depreciation of right-of-use assets	1,205	474
Exchange gain, net	<u>(2,945)</u>	<u>(6,432)</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:

	2021 <i>RMB'000</i>	2020 <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><u>16,403</u></u>	<u><u>2,263</u></u>
	<i>2021</i> <i>'000</i>	<i>2020</i> <i>'000</i>

Number of shares

Number of ordinary shares for the purpose of basic and diluted earnings per share	<u><u>1,419,610</u></u>	<u><u>1,419,610</u></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 2021 and 2020.

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Unlisted investments:		
Equity securities	<u>28,616</u>	<u>–</u>

The above unlisted equity investments represented the Group's equity interest in private entities. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that they are not held for trading and are held for long-term investment purpose.

During the year ended 31 December 2020, an investee of the Group was deregistered. The carrying value of the investment was zero and the accumulated loss of approximately RMB132,000 previously recognised in financial assets at FVTOCI reserve was transferred to accumulated loss accordingly.

During the year ended 31 December 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 Television Broadcasts Limited, and a special purpose vehicle ("SPV") established by Big Big e-Commerce entered into a subscription agreement. Pursuant to the agreement, the Group has subscribed 99 ordinary voting shares and 1,651 ordinary non-voting shares of the SPV, which represent 9.9% of the voting rights and 17.5% of the total issued shares of the SPV at a cash consideration of HK\$35,000,000 (equivalent to approximately RMB28,616,000). Such equity investment was irrevocably designated at fair value through other comprehensive income mainly as the directors of the Company consider such investment to be strategic in nature and is not held for trading. The purpose of the SPV is to invest in Ztore Investment Limited, an exempted company with limited liability incorporated in the British Virgin Islands, which owns and operates two e-commerce platforms in Hong Kong, namely ztore.com and neigbuy.com. Details of the subscription are set out in the announcement of the Company dated 19 August 2021. The primary objective of this investment is to develop the Group's existing business portfolio and broaden its source of income. The directors of the Company are of the view that the transaction could help explore other sources of revenue such as livestreaming e-commerce using the Group's artistes and/or agency network and will expand and create synergy effect with the Group's existing business.

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in films, drama and non-drama	84,061	95,456
<i>Less: accumulated impairment</i>	<u>(20,824)</u>	<u>–</u>
	<u>63,237</u>	<u>95,456</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 films, drama and non-drama projects.

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Films, drama and non-drama production in progress	<u>65,340</u>	<u>89,977</u>

Films, drama and non-drama production 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 production in progress is stated at cost incurred to date, less any identified impairment losses.

13. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	89,996	97,385
<i>Less: Allowance for impairment of trade receivables</i>	<u>(5,163)</u>	<u>(13,100)</u>
	84,833	84,285
Other receivables and deposits	958	1,577
Prepayments	<u>14,118</u>	<u>15,549</u>
Trade and other receivables	<u>99,909</u>	<u>101,411</u>

As at 31 December 2021, the gross amount of trade receivables arising from contracts with customers amounted to RMB89,996,000 (2020: RMB97,385,000).

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	49,015	36,934
91 to 180 days	8,795	25,624
181 to 365 days	14,214	21,727
Over 365 days	<u>12,809</u>	<u>–</u>
Total	<u>84,833</u>	<u>84,285</u>

14. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<u>30,702</u>	<u>38,120</u>
Other payables	564	2,168
Accrued payroll and accruals	<u>6,128</u>	<u>3,954</u>
	<u>6,692</u>	<u>6,122</u>
Trade and other payables	<u><u>37,394</u></u>	<u><u>44,242</u></u>
Contract liabilities	<u><u>83,270</u></u>	<u><u>79,492</u></u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 90 days	16,329	13,683
91 to 180 days	<u>14,373</u>	<u>24,437</u>
Total	<u><u>30,702</u></u>	<u><u>38,120</u></u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue increased from RMB114,373,000 to RMB215,518,000 in 2021. The following table sets out the revenue of the Group for the year as well as for 2020.

	2021	2020
	RMB'000	RMB'000
Films, drama and non-drama	180,813	84,530
Artiste and event management	34,677	28,680
Others	28	1,163
	215,518	114,373

Film and Drama and Non-Drama Productions

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 Michael Miu (苗僑偉), Bosco Wong (黃宗澤), Ron Ng (吳卓羲), Eddie Cheung (張兆輝), Joe Ma (馬德鐘) and Roger Kwok (郭晉安) in July 2020. The online drama has been released on the Youku platform in the fourth quarter of 2021.

During the year, the movie titled “All U Need Is Love” 《總是有愛在隔離》 was released both in Hong Kong and mainland China during the Easter Holiday.

To enrich the business portfolio and broaden the income stream, the Group continued to invest and produce films, drama and non-drama in mainland China and Hong Kong. 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》, “Drive U To The Hell” 《鬼上你架車》 and “Drive U To The Hell 2” 《鬼上你架車2》 during the year. The Group continue to explore further opportunities for collaboration with various Chinese portals and video websites in mainland China and Hong Kong.

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) is now in the post-production stage and expected to be released on the Youku platform in the second half of 2022.

Artiste and Event Management

During the year, there are over 80 artistes under the management of the Group. The turnover of artistes and event management recorded an increase from approximately RMB28,680,000 of last year to RMB34,677,000 in the current year. Although there was an increment in 2021, the Group's revenue generated from commercial activities and artiste performance is highly depends on the development of the COVID-19 pandemic.

Financial Review

The revenue of the Group increased from approximately RMB114,373,000 to RMB 215,518,000. Profit attributable to the owners of the Company was increased from approximately RMB2,263,000 in 2020 to approximately RMB16,403,000 in 2021. The increase was mainly due to the increased contribution from films and drama, and artiste and event management segment during the year. The outbreak of the COVID-19 pandemic has dented the sentiment in mainland China and Hong Kong's entertainment industry as a whole since early 2020. There has been deferral in the release and development of certain films and drama projects and a decline in external commercial engagements in artiste and event management businesses during 2020. The situation was slightly alleviated during 2021. For the year, earnings per share amounted to RMB1.16 cents (2020: RMB0.16 cents).

During the year, revenue from films, drama and non-drama amounted to approximately RMB180,813,000 (2020: RMB84,530,000). The increase was due to recognition of the major portion of the income from one major TV drama, namely "Flying Tiger 3" 《飛虎之壯志英雄》 during the fourth quarter of 2021 and more share of income from the movies released as compared with 2020. Artiste and event management service income increased from RMB28,680,000 in 2020 to RMB34,677,000 in 2021 due to a slight recovery in external commercial engagements during the year.

Since more business activities were carried out in the year, the cost of sales increased from RMB72,259,000 to RMB134,638,000, which was in line with the increase in revenue.

Other income and gains decreased from RMB12,349,000 to RMB6,261,000. The decrease was mainly contributed by (i) the decrease in net exchange gain from RMB6,432,000 to RMB2,945,000, (ii) the decrease in interest income from RMB3,491,000 to RMB2,137,000, and (iii) there is no one-off subsidy granted from Employment Support Scheme in 2021 (2020: RMB1,549,000).

Selling and distribution expenses increased from RMB6,253,000 to RMB7,590,000, primarily due to the promotion and advertising activities incurred from the films, drama and non-drama and artiste management during the year.

Administrative expenses decreased to approximately RMB35,937,000 in 2021 (2020: RMB43,998,000). The decrease was primarily due to the implementation of cost tightening measures during the year in view of the difficult business environment under COVID-19.

Impairment loss of investments in film for the year amounted to RMB20,824,000 (2020: NIL). The impairment loss was made based on management's estimation of the recoverable amount against the carrying amount of the film investment. The impairment loss was determined based on the present value of expected future revenues and related cash flows arising from the film investment.

Income tax expense for the year increased from RMB970,000 to RMB7,581,000 which was in line with the increase in overall profitability.

Trade receivables from third parties, net of loss allowance, increased from RMB84,285,000 to RMB84,833,000 due to the box office income not yet received from the distributors for the films, drama and non-drama released during the year. Details of trade and other receivables as at 31 December 2021 are set out in Note 13 in this announcement.

Investments in films, drama and non-drama decreased from approximately RMB95,456,000 to RMB63,237,000 as certain films and drama were recognised as cost of sales, and an impairment loss for the investments in films was recognised during the year.

As at 31 December 2021, films, drama and non-drama productions in progress decreased to RMB65,340,000 (31 December 2020: RMB89,977,000) as certain films and drama were telecasted and recognised as costs of sales during the year.

Trade and other payables decreased from approximately RMB44,242,000 to RMB37,394,000 due to distribution of the share of box office movie income attributable to the other investors according to their percentages of investment during the year.

Contract liabilities increased from RMB79,492,000 to RMB83,270,000, mainly from the receipt in advance of drama production.

Amounts due to related parties decreased from RMB52,656,000 to RMB37,176,000 due to decreased in payables related to artistes and event service income, net of commission income receivable by the Group.

Liquidity and Financial Resources

The Group finances its operations with internal resources and bank borrowings, whenever necessary. As at 31 December 2021, the Group had total bank balances and cash and short-term bank deposits amounted to RMB312,059,000 (31 December 2020: RMB293,029,000). The Group's bank and cash balances were denominated in HK\$, RMB, and United States Dollars ("USD").

Pledge of Assets

As at 31 December 2021, the Group did not have any pledge of assets (31 December 2020: nil).

Capital Structure

As at 31 December 2021, the Group's equity attributable to owners of the Company increased by 1.30% to RMB418,983,000 (31 December 2020: RMB413,591,000). Net asset value per share attributable to owners of the Company as at 31 December 2021 was RMB29.51 cents (31 December 2020: RMB29.13 cents). The current ratio was 3.2 as at 31 December 2021 (31 December 2020: 3.2).

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

Capital Commitments and Contingent Liabilities

As at 31 December 2021, the Group had capital commitments on unpaid registered capital of an associate at RMB1,100,000 (31 December 2020: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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 has invested in the SPV with a minority of shares and voting rights at completion. The aggregate consideration in respect of the shares of the SPV subscribed by the Company was HK\$35,000,000, which was satisfied in cash.

In addition, the SPV has subscribed 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. The transaction was completed on 27 August 2021. For details, please refer to the Company’s announcement dated 19 August 2021.

Save as disclosed above, the Group had no other significant investment, material acquisition and disposal during the reporting period and up to the date of this announcement.

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 is denominated in HK\$, RMB, and USD.

During the year, the Group did not hedge any exposure to 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

The Group had no 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 2021 (31 December 2020: Nil).

Human Resources

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

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. Details of the environmental policies and performance of the Group will be disclosed in the “Environmental, Social and Governance Report” which will be published on the website of the Company at www.shawbrotherspictures.com (the “Company’s Website”) and the website of the Stock Exchange for listed issuers information at www.hkexnews.hk (the “Exchange’s Website”) together with 2021 Annual Report in due course.

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 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 (the “Listing Rules”) on the Stock Exchange 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. During the year, the Company was in compliance with the CG Code.

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 the Company’s Website and the Exchange’s Website.

Audit Committee

The Audit Committee of the Company was established in 2010 with written terms of reference, which is available on the Company’s Website and the Exchange’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 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 regarding Directors' securities transactions for the year.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement is published on the Company's Website and the Exchange's Website. The annual report of the Group for the year ended 31 December 2021 will be despatched to Shareholders at the appropriate time and will be available on the Company's website at and the Exchange's website in due course.

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

Hong Kong, 22 March 2022

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