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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)

CONTINUING CONNECTED TRANSACTIONS

ANNUAL CAPS FOR ARTISTE MANAGEMENT AGREEMENTS AND PERFORMANCE GUARANTEES FOR THE THREE YEARS ENDING 31 DECEMBER 2025

INTRODUCTION

Reference is made to the announcement of Shaw Brothers Holdings Limited (the “**Company**”) dated 29 March 2017 in relation to the continuing connected transactions contemplated under the Artiste Management Agreements and the Performance Guarantees (the “**First Announcement**”) and the announcement of the Company dated 31 December 2019 in relation to the annual caps for the Artiste Management Agreements and the Performance Guarantees for the three years ending 31 December 2022 (the “**Second Announcement**”, together with the First Announcement, the “**Announcements**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The current three-year annual caps relating to the Artiste Management Agreements and the Performance Guarantees as disclosed in the Second Announcement will expire on 31 December 2022.

On 30 December 2022, the Directors approved the annual caps relating to the Artiste Management Agreements and the Performance Guarantees for the next three financial years ending 31 December 2023, 2024 and 2025.

ARTISTE MANAGEMENT AGREEMENTS AND PERFORMANCE GUARANTEES

Historical figures

The table below sets out the actual amounts received by Tailor Made under the Artiste Management Agreements and the Performance Guarantees for each of the two years ended 31 December 2020 and 2021 and for the eleven months ended 30 November 2022 (the “**Actual Amounts**”):

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the eleven months ended 30 November 2022
		<i>(in RMB)</i>	
Artiste Management Agreement 1 and Performance Guarantee 1	13,095,000	16,289,000	5,380,000
Artiste Management Agreement 2 and Performance Guarantee 2	1,220,000	262,000	3,892,000

The reason for the disparity between the Actual Amounts and the proposed 2020-2022 Annual Caps under the Second Announcement was principally due to the global outbreak of COVID-19 which affected the Group’s operation in the artiste and event management segment since 2020. A significant amount of the commercial activities and artistes’ performances in this business unit of the Group had been suspended or postponed.

New annual caps for the next three years ending 31 December 2023, 2024 and 2025

The table below sets out the annual caps on amounts receivable by Tailor Made under the Artiste Management Agreements and the Performance Guarantees for each of the forthcoming three financial years ending 31 December 2023, 2024 and 2025 (“**2023-2025 Annual Caps**”):

	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ending 31 December 2025
		<i>(in RMB)</i>	
Artiste Management Agreement 1 and Performance Guarantee 1	33,000,000	33,000,000	33,000,000
Artiste Management Agreement 2 and Performance Guarantee 2	6,000,000	6,000,000	6,000,000

The 2023-2025 Annual Caps were calculated based on the anticipated commission income to be generated from each of Mr. Wong and Ms. Li under the Artiste Management Agreements, determined with reference to the following:

- (i) the historical figures of the commission income generated from each of Mr. Wong and Ms. Li respectively under each of the Artiste Management Agreements as set out above;
- (ii) as China is steadily reviving the commercial activities, artiste and event management activities of the Group are expected to resume to normal gradually;
- (iii) the projected engagements of each of Mr. Wong and Ms. Li;
- (iv) the prevailing and anticipated fees charged by Mr. Wong and Ms. Li for engagement of his/her services in the Entertainment Industry based on industry and market norms; and
- (v) the market condition of the Entertainment Industry and market demand for artistes' engagement.

GENERAL

The Directors believe that the Artiste Management Agreements and the Performance Guarantees will continue to contribute to the artistes management business of the Group.

The Directors have approved the 2023-2025 Annual Caps. None of the Directors has a material interest in the Artiste Management Agreements and the Performance Guarantees and hence no Director was required to abstain from voting on the relevant board resolutions approving the 2023-2025 Annual Caps.

The Directors (including the Independent Non-executive Directors) consider that continuing to carry out transactions under the Artiste Management Agreements and the Performance Guarantees, which are on normal commercial terms or better, and the determination of the 2023-2025 Annual Caps are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the transactions contemplated under the Artiste Management Agreement 1 and Performance Guarantee 1 for each of 2023, 2024 and 2025 exceed 5%, and those under the Artiste Management Agreement 2 and Performance Guarantee 2 for each of 2023, 2024 and 2025 are more than 0.1% but less than 5%.

Given that each of Mr. Wong, Ms. Li, Good Servant and Esther Communications continues to be a connected person at the subsidiary level of the Company, the transactions contemplated under the Artiste Management Agreements and the Performance Guarantees remain exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules, in accordance with Rule 14A.101 of the Listing Rules.

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

Hong Kong, 30 December 2022

As at the date of this announcement, the Board 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