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## **SHAW BROTHERS HOLDINGS LIMITED**

**邵氏兄弟控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00953)

### **ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **HIGHLIGHTS OF BUSINESS DEVELOPMENT IN 2022**

- Effort was focused more on drama series production in the light of the pandemic's adverse effect on the film production business.
- In February 2022, a 30-episode action crime drama series "Flying Tiger 3" ("飛虎之壯志英雄") was broadcast in Hong Kong, building on the success of its previous two seasons.
- In December 2022, a 27-episode anti-corruption drama series "Mission Run" ("廉政狙擊") was first broadcast in mainland China.
- An action crime film "Endless Battle" ("無間一戰") is scheduled to be first released on Youku in mainland China in May 2023 and its theatrical release in Hong Kong is expected in the same month.
- The Group's revenue decreased by 25% to RMB161,051,000 in 2022 from RMB215,518,000 in 2021 mainly due to the decreased revenue contribution from both the film, drama and non-drama production segment, and artiste and event management segment amid the COVID-19 pandemic.
- Loss attributable to the owners of the Company was RMB302,000 in 2022, in contrast to a profit of RMB16,403,000 in 2021.

- The Group's total bank balances and cash and short-term bank deposits amounted to approximately RMB322,828,000 as at 31 December 2022 (31 December 2021: RMB312,059,000), indicating a sound financial position.
- The Group's equity attributable to the owners of the Company increased by 8% to RMB452,793,000 as at 31 December 2022 (31 December 2021: RMB418,983,000).
- Net asset value per share attributable to the owners of the Company increased to RMB31.90 cents (31 December 2021: RMB29.51 cents).
- The Board did not recommend the payment of final dividend for the year ended 31 December 2022.

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 2022 together with the comparative figures for the previous year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Revenue	3	<b>161,051</b>	215,518
Cost of sales		<b>(110,738)</b>	(134,638)
Gross profit		<b>50,313</b>	80,880
Other (loss) gains, net	5	<b>(5,213)</b>	6,261
Selling and distribution expenses		<b>(5,550)</b>	(7,590)
Administrative expenses		<b>(37,325)</b>	(35,937)
Impairment loss of investments in films		<b>(3,877)</b>	(20,824)
(Impairment loss of) reversal of impairment loss of trade receivables		<b>(3,974)</b>	1,010
Share of loss of an associate		<b>(390)</b>	(436)
Finance costs	6	<b>(624)</b>	(323)
(Loss) profit before tax		<b>(6,640)</b>	23,041
Income tax expenses	7	<b>(885)</b>	(7,581)
(Loss) profit for the year	8	<b>(7,525)</b>	15,460
(Loss) profit for the year attributable to:			
– Owners of the Company		<b>(302)</b>	16,403
– Non-controlling interests		<b>(7,223)</b>	(943)
(Loss) profit for the year		<b>(7,525)</b>	15,460
(Loss) earnings per share			
– Basic and diluted ( <i>RMB cents</i> )	9	<b>(0.02)</b>	1.16

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss) profit for the year	<u>(7,525)</u>	<u>15,460</u>
<b>Other comprehensive income (expense) for the year</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of financial statements from functional currency to presentation currency	<b>33,772</b>	(10,392)
Fair value gain on investments in equity instruments at fair value through other comprehensive income	<u><b>1,363</b></u>	<u>–</u>
	<u><b>35,135</b></u>	<u>(10,392)</u>
Total comprehensive income for the year	<u><b>27,610</b></u>	<u>5,068</u>
Total comprehensive income (expenses) for the year attributable to:		
– Owners of the Company	<b>33,268</b>	5,392
– Non-controlling interests	<u><b>(5,658)</b></u>	<u>(324)</u>
	<u><b>27,610</b></u>	<u>5,068</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Non-current assets</b>			
Plant and equipment		<b>1,816</b>	2,400
Equity instruments at fair value through other comprehensive income	<i>11</i>	<b>32,629</b>	28,616
Right-of-use assets		<b>4,888</b>	6,317
Television programme rights		<b>3,269</b>	3,491
Interest in an associate		<b>174</b>	464
		<hr/> <b>42,776</b> <hr/>	<hr/> 41,288 <hr/>
<b>Current assets</b>			
Investments in films, drama and non-drama Films, drama and non-drama productions in progress	<i>12</i>  <i>12</i>	<b>42,657</b>  <b>14,857</b>	63,237  65,340
Trade and other receivables	<i>13</i>	<b>109,098</b>	99,909
Amounts due from related parties		<b>907</b>	920
Bank balances and cash		<b>322,828</b>	312,059
		<hr/> <b>490,347</b> <hr/>	<hr/> 541,465 <hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>52,599</b>	37,394
Contract liabilities	<i>14</i>	<b>5,230</b>	83,270
Income tax payables		<b>3,875</b>	7,986
Lease liabilities		<b>1,349</b>	1,095
Amounts due to related parties		<b>23,614</b>	37,176
Bank borrowing		<b>4,467</b>	–
		<hr/> <b>91,134</b> <hr/>	<hr/> 166,921 <hr/>
<b>Net current assets</b>		<hr/> <b>399,213</b> <hr/>	<hr/> 374,544 <hr/>
Total assets less current liabilities		<hr/> <b>441,989</b> <hr/>	<hr/> 415,832 <hr/>
<b>Non-current liability</b>			
Lease liabilities		<hr/> <b>3,957</b> <hr/>	<hr/> 5,410 <hr/>
<b>Net assets</b>		<hr/> <b>438,032</b> <hr/>	<hr/> 410,422 <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Capital and reserves</b>		
Share capital	12,322	12,322
Reserves	<u>440,471</u>	<u>406,661</u>
Equity attributable to owners of the Company	452,793	418,983
Non-controlling interests	<u>(14,761)</u>	<u>(8,561)</u>
<b>Total equity</b>	<u><b>438,032</b></u>	<u><b>410,422</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. GENERAL INFORMATION

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

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 2022:

Amendment to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

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

### 3. REVENUE

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

	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Films, drama and non-drama production	117,699	141,844
Investments in films, drama and non-drama	17,749	38,997
Artiste management services income	21,973	30,604
Event management services income	3,630	4,073
	<u>161,051</u>	<u>215,518</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. During the year ended 31 December 2022, the Group reviewed the structure and internal organisation and changed the composition of its reportable segments. Accordingly, financial information which was previously included in “Others” segment has been reclassified to the “Films, drama and non-drama” segment. The relevant comparable figures have been restated to conform with current year’s presentation.

##### 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; and
- (ii) Artiste and event management – the provision of artiste and event management services.

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		Total	
	Year ended 31 December					
	2022 RMB’000	2021 RMB’000	2022 RMB’000	2021 RMB’000	2022 RMB’000	2021 RMB’000
Segment revenue	<u>135,448</u>	<u>180,841</u>	<u>25,603</u>	<u>34,677</u>	<u>161,051</u>	<u>215,518</u>
Segment profit	<u>18,095</u>	<u>33,230</u>	<u>9,659</u>	<u>10,980</u>	<u>27,754</u>	44,210
Unallocated income					<u>6,315</u>	6,261
Unallocated expenses					<u>(40,709)</u>	<u>(27,430)</u>
(Loss) profit before tax					<u>(6,640)</u>	<u>23,041</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit represents the profit incurred by each segment without allocation of interest income, finance cost and certain administrative expenses and other (loss) gains, net. 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.

	<b>PRC</b> <i>RMB'000</i>	<b>Hong Kong</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<i>Revenue from external customers</i>			
<b>Year ended 31 December 2022</b>	<b>138,441</b>	<b>22,610</b>	<b>161,051</b>
Year ended 31 December 2021	196,396	19,122	215,518
<i>Non-current assets (Note)</i>			
<b>As at 31 December 2022</b>	<b>6,769</b>	<b>3,378</b>	<b>10,147</b>
As at 31 December 2021	9,020	3,652	12,672

*Note:* Non-current assets excluded equity instruments at fair value through other comprehensive income ("FVTOCI").

## 5. OTHER (LOSS) GAINS, NET

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Management fee income	784	–
Net exchange (loss) gain	(11,528)	2,945
Interest income	3,987	2,137
Government subsidy ( <i>Note</i> )	664	245
Rent concession	148	–
Others	732	934
	<b>(5,213)</b>	<b>6,261</b>

*Note:* During the year ended 31 December 2022, the Group recognised government subsidy of approximately RMB664,000 in respect of COVID-19 (2021: nil), which relates to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region.

## 6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on:		
Bank borrowing	172	–
Lease liabilities	452	323
	<u>624</u>	<u>323</u>

## 7. INCOME TAX EXPENSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax:		
Hong Kong Profits Tax	1,511	2,999
PRC Enterprise Income Tax (“EIT”)	80	5,563
	<u>1,591</u>	<u>8,562</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(6)	(981)
EIT	(700)	–
	<u>885</u>	<u>7,581</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) Tax exemptions represent reduction of Hong Kong Profits Tax for the year of assessment of 2021/22 by 100%, subject to a ceiling of HK\$10,000 per case, and 2022/23 by 100%, subject to a ceiling of HK\$6,000 per case.
- (iv) 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 years ended 31 December 2022 and 2021.

## 8. (LOSS) PROFIT FOR THE YEAR

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Directors' emoluments:		
Salaries and allowances	1,705	2,928
Contributions to retirement benefits scheme	–	10
	<u>1,705</u>	<u>2,938</u>
Staff costs:		
Salaries and allowances	17,442	17,579
Contributions to retirement benefits scheme	1,569	1,803
	<u>19,011</u>	<u>19,382</u>
Total staff cost	<u>20,716</u>	<u>22,320</u>
Amortisation of television programme rights	525	506
Impairment loss (reversal of impairment loss) of trade receivables	3,974	(1,010)
Auditors' remuneration	1,034	1,178
Depreciation of plant and equipment	670	625
Depreciation of right-of-use assets	1,429	1,205
Exchange loss (gain), net	<u>11,528</u>	<u>(2,945)</u>

## 9. (LOSS) EARNINGS PER SHARE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>(Loss) Earnings</b>		
(Loss) earnings for the purpose of basic and diluted earnings per share		
((Loss) profit for the year attributable to the owners of the Company)	<u>(302)</u>	<u>16,403</u>
	<b>2022</b>	<b>2021</b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u>1,419,610</u>	<u>1,419,610</u>

The diluted (loss) earnings per share is equal to the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2022 and 2021.

## 10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Unlisted investments:		
Equity securities	<u>32,629</u>	<u>28,616</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.

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Investments in films, drama and non-drama	69,094	84,061
Less: accumulated impairment	<u>(26,437)</u>	<u>(20,824)</u>
	<u>42,657</u>	<u>63,237</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Films, drama and non-drama production in progress	<u>14,857</u>	<u>65,340</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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	91,589	89,996
Less: Allowance for impairment of trade receivables	<u>(9,316)</u>	<u>(5,163)</u>
	82,273	84,833
Other receivables and deposits	12,058	958
Prepayments	<u>14,767</u>	<u>14,118</u>
Trade and other receivables	<u>109,098</u>	<u>99,909</u>

As at 31 December 2022, the gross amount of trade receivables arising from contracts with customers amounted to RMB91,589,000 (2021: RMB89,996,000).

The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of goods or services by or invoices to its customers. 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:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 90 days	<b>61,567</b>	49,015
91 to 180 days	<b>1,379</b>	8,795
181 to 365 days	<b>442</b>	14,214
Over 365 days	<b>18,885</b>	12,809
Total	<b>82,273</b>	84,833

#### 14. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	<b>28,917</b>	30,702
Other payables	<b>15,061</b>	564
Accrued payroll and accruals	<b>8,621</b>	6,128
	<b>23,682</b>	6,692
Trade and other payables	<b>52,599</b>	37,394
Contract liabilities	<b>5,230</b>	83,270

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

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 90 days	<b>8,167</b>	16,329
91 to 180 days	<b>762</b>	14,373
181 to 365 days	<b>6,724</b>	–
Over 365 days	<b>13,264</b>	–
Total	<b>28,917</b>	30,702

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Overview

Hong Kong's film production industry was mired in an extremely difficult business environment that can be described as a "harsh winter" as the protracted COVID-19 pandemic was raging from 2020 to 2022. The especially severe fifth wave of the pandemic broke out in February and March 2022, and only showed signs of abating in late April 2022. As part of the Hong Kong government's anti-pandemic measures, cinemas were closed for 104 days, from 7 January 2022 to 20 April 2022, depriving the film industry of the traditional peak seasons of movie releases at cinemas during the holidays of the Chinese New Year and Easter. Even after the cinemas were reopened, seating capacity was capped at 50% from 21 April 2022 to 18 May 2022 and at 85% from 19 May 2022 to 21 December 2022. As a result, the total box office revenue in 2022 decreased by 5.38% to about HK\$1.14 billion compared with that in 2021 and plunged by 40.52% compared with the pre-pandemic level of about HK\$1.92 billion in 2019 (Source: Press release titled "2022年香港電影市道整體情況" by Hong Kong Box Office Ltd).

In contrast, drama and non-drama video production as a business was relatively stable because video viewing on free-to-air television and streaming platforms was not much affected by the pandemic except for the shooting and production of programmes which could be hindered by the anti-pandemic measures. People were compelled to spend more time at home and they viewed videos more frequently on television or on the Internet through mobile phones and personal computers. Therefore, the pandemic has reshaped people's video viewing habits – over-the-top subscription video on-demand service and video hosting service have been gaining popularity faster. This has opened up more business opportunities for film and television production companies which are seeking to expand their markets by reaching out to more audience through new media.

Artiste and event management, like film production, was still affected by the pandemic in 2022 as promotional activities and commercials involving artistes were suspended or postponed in compliance with social distancing as part of the governments' anti-pandemic measures. The closure of the border and strict quarantine measures deprived artistes of the opportunities for performances in overseas countries and for external commercial engagements, ultimately leading to reduced revenue.

## Business Review

The Group's revenue decreased by 25% to RMB161,051,000 in 2022 from RMB215,518,000 in 2021 as its business was affected by the pandemic. The table below sets out the breakdown of the Group's revenue by business segments for the years 2022 and 2021.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Film, drama and non-drama production	135,448	180,841
Artiste and event management	25,603	34,677
	<u>161,051</u>	<u>215,518</u>

## Film, Drama and Non-Drama Production

### *Released productions*

In February 2022, the Group had a 30-episode action crime drama series “Flying Tiger 3” (“飛虎之壯志英雄”) broadcast on the over-the-top (OTT) media service platform myTV SUPER and the free-to-air channel of Television Broadcasts Limited (“TVB”) in Hong Kong, building on the success of its previous two seasons. The drama series starred 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). The Group's 27-episode anti-corruption drama series “Mission Run” (“廉政狙擊”), which starred Bosco Wong, Shaun Tam (譚俊彥), Ron Ng and Nancy Wu (胡定欣), was first broadcast on Youku, a video hosting service platform under Alibaba Group in mainland China, in December 2022. “Mission Run” was scheduled to be broadcast on TVB's myTV SUPER and free-to-air channel in Hong Kong from February to March 2023.

The Group's non-drama productions which were released on various Chinese portals and online platforms in 2022 included such variety shows as “Gigi's Tasteful Kitchen Third Season” (“Gi味俱全3”), “The Order of Boss” (“女王的密令”), “Drive U To The Hell 3” (“鬼上你架車3”), and “HAHAHAHAHA Season 2” (“哈哈哈哈哈”第二季).

### *Productions in progress*

An action crime film “Endless Battle” (“無間一戰”) is scheduled to be first released on Youku in mainland China in May 2023 and its theatrical release in Hong Kong is expected in the same month. The movie stars Bosco Wong, Michael Tse (謝天華), Joel Chan (陳山聰), Sisley Choi (蔡思貝), Alice Chan (陳煒), Cheung Kwok Keung (張國強), Jazz Lam (林子善), Tony Wu (胡子彤) and Rosita Kwok (郭柏妍). It has been submitted to the relevant authority in the mainland for review and approval for public screening.

Also in the pipeline are variety shows such as “My United Lover” (“搵鬼做情人”), of which the shooting was scheduled for December 2022 to February 2023 in Hong Kong, and “Drive U To The Hell 7” (“鬼上你架車7”), of which shooting was planned for March 2023 in Hong Kong.

Revenue from the film, drama and non-drama production decreased by 25% to RMB135,448,000 in 2022 from RMB180,841,000 in 2021.

### ***Artiste and Event Management***

The Group's artiste and event management business had been affected by the pandemic in the past several years as film and drama productions and artistes' external commercial engagements were shelved or postponed to comply with the governments' anti-pandemic measures. As a result, revenue from that business segment decreased by 26% to RMB25,603,000 in 2022 from RMB34,677,000 in 2021.

In 2022, 73 artistes were under the Group's management. Artistes managed by the subsidiary Shaw Brothers Pictures International Limited included famous artistes such as Bosco Wong, Joel Chan, Michael Fitzgerald Wong (王敏德), Nancy Wu, Rosina Lam (林夏薇) and Jeannie Chan (陳滢); and popular singers such as Hubert Wu (胡鴻鈞) and James Ng (吳業坤). Artistes managed by the subsidiary Tailor Made Production Limited included famous artistes such as Wong Cho-lam (王祖藍), Roger Kwok (郭晉安) and Eliza Sam (岑麗香); and popular singers such as Teresa Carpio (杜麗莎) and Vivian Lai (黎瑞恩).

### **Prospect**

Now that the pandemic has subsided and the governments have relaxed anti-pandemic measures, the Group can look forward to a recovery in the economy and in the industries of film and drama production and artiste and event management. In terms of production, it is expected that freedom to shoot films overseas will be resumed and thus movies of more diverse subjects and genres will be able to be produced. In terms of distribution, the cinemas have seen their operation's return to normal and box-office successes of top-grossing films. This has helped restore investor's confidence. To grasp the opportunities, the Group will make a greater effort again to produce films and, having seen the pandemic-induced change in the public's video viewing habits, it will step up its effort to produce online movies and dramas for on-demand streaming services platforms in both mainland China and overseas countries, targeting Chinese communities.

The Group will also keep up with the times and seek to expand its markets by gearing its productions more towards a younger generation of audience while focusing on the genre of action movies with a distinctive style of Hong Kong that Shaw Brothers has long been famed for. It will build on the success of action crime drama series "Flying Tiger", "Mission Run" and "Line Walker Series" (使徒行者系列) by seeking to jointly develop high-quality online movies with more on-demand streaming services platforms in mainland China or produce such online movies to the latter's orders. Meanwhile, the Group will explore the possibilities of cooperation with more on-demand streaming services platforms in overseas countries in film and drama production or distribution. This can enhance the reputations of the Group's artistes at home and abroad. To further tap the potential of its own rich reserve of intellectual property rights in movies and dramas, the Group will consider new adaptations or remakes of the old movies or licensing third parties to produce such films.



The Group will also deepen the synergy between its business of film and drama production and that of artiste and event management by increasing the number of online movie and drama productions which include a combination of its own first-tier actors and actresses and models in the cast. It will also further tap the potential of its roster of artistes by having them conduct live-streaming e-commerce on online shopping platforms. Through such cooperation, the Group will be able to attract more website traffic with its artistes and thus boost sales, and also broaden its revenue base through the additional fees to its artistes. It is expected that there will be more opportunities for its artistes to be hired in brand engagement campaigns after the pandemic.

With its production expertise, established strategic partnerships and rich talent resources, the Group is well-positioned to capitalize on a post-pandemic recovery in the existing markets and to develop new markets under its strategy of investing in film and drama production with high-quality content. It will leverage its rich resources such as a seasoned production team and a rich pool of top artistes to tap the great potential of the markets of the Greater Bay Area and the Chinese communities all over the world as it aspires to be one of the leading content producers and curators in Asia-Pacific.

## Financial Review

For the year ended 31 December 2022 (the “Year”), the revenue of the Group was RMB161,051,000, representing a decrease of 25% from RMB215,518,000 for the year ended 31 December 2021 (the “Previous Year”). It was mainly due to the decreased revenue contribution from both the film, drama and non-drama production segment, and artiste and event management segment during the Year. In 2022, the COVID-19 continued to mutate and spread rapidly, resulting in multiple outbreaks and lockdowns in Hong Kong and mainland China. These delayed the development of film and drama projects and reduced external commercial engagements in the artiste and event management business.

### *Film, drama and non-drama production*

For the year end 31 December	<b>2022</b>	2021	Change	
	<b>RMB'000</b>	RMB'000	RMB'000	%
Revenue	<b>135,448</b>	180,841	-45,393	-25%
Segment profit	<b>18,095</b>	33,230	-15,135	-46%
Segment profit margin	<b>13%</b>	18%		

The decline in revenue was mainly attributable to the drop in income recognized from the major drama “Mission Run” (“廉政狙擊”) (which was broadcast in 2022) with lesser number of episodes as compared with that of the drama “Flying Tiger 3” (“飛虎之壯志英雄”) delivered in 2021 and a decrease in the number of film and drama productions released in 2022 compared with that in the previous year. The decreases in the profit and profit margin at the film, drama and non-drama production segment was due to the lower gross profit of a licensed production project and higher production costs caused by the pandemic.

### *Artiste and event management*

For the year end 31 December	<b>2022</b>	2021	Change	
	<b>RMB'000</b>	RMB'000	RMB'000	%
Revenue	<b>25,603</b>	34,677	-9,074	-26%
Segment profit	<b>9,659</b>	10,980	-1,321	-12%
Segment profit margin	<b>38%</b>	32%		

Revenue from the artiste and event management segment decreased from RMB34,677,000 in the Previous Year to RMB25,603,000 in the Year. The multiple pandemic outbreaks and lockdowns in Hong Kong and mainland China in 2022 further dented the sentiment in the overall entertainment industry. There were fewer external commercial engagements for the Group's artistes under management and many domestic and overseas film or drama projects were canceled due to the pandemic. The higher margin at the business segment in 2022 was due to a lower comparison base in the Previous Year when one-off impairment for early termination of artist contracts was made.

### *Cost of sales*

Since fewer movies, dramas, and non-dramas were produced and released during the Year, the cost of sales decreased from RMB134,638,000 in the Previous Year to RMB110,738,000 in the Year.

### *Other (loss) gains, net*

Other loss for the Year was RMB5,213,000, in contrast to other gains of RMB6,261,000 in the Previous Year. The change was primarily due to the exchange loss arising from translation of the renminbi-denominated trade receivables, trade payables and bank deposits during the Year.

### *Selling and distribution expenses*

Selling and distribution expenses decreased from RMB7,590,000 for the Previous Year to RMB5,550,000 for the Year, which was mainly attributable to fewer promotion and advertising activities related to the film, drama and non-drama production business and the artiste management business during the Year.

### *Administrative expenses*

Administrative expenses increased to approximately RMB37,325,000 for the Year (2021: RMB35,937,000). The increase was primarily due to the provision for non-recurring impairment of trade receivables, which was partly compensated by the implementation of cost control measures during the Year.

### ***Impairment losses***

Impairment loss of investments in films decreased from RMB20,824,000 for the Previous Year to RMB3,877,000 for the Year which was mainly due to a non-recurring impairment of investments in the Previous Year. There was also an impairment loss of trade receivables of RMB3,974,000 in the Year in contrast to a reversal of impairment of trade receivables of RMB1,010,000 in the Previous Year. The increase in provision for impairment of trade receivables was mainly due to the increase in expected credit loss resulting from a delayed recovery in the economic condition of the industry as it was affected by the COVID-19 pandemic, and the Group's prudent practice of adopting the expected credit loss ("ECL") model.

### ***Income tax expenses***

Income tax expenses for the Year decreased from RMB7,581,000 in the Previous Year to RMB885,000, which was in line with the decrease in overall profitability.

### ***Loss (profit) for the Year***

Loss attributable to the owners of the Company amounted to RMB302,000 (2021: a profit of RMB16,403,000). The loss was caused by the decrease in overall revenue and the other loss recorded in the Year mentioned above. Loss per share were RMB0.02 cents for the Year (2021: earnings per share of RMB1.16 cents).

### ***Investments in film, drama and non-drama production***

Investments in film, drama and non-drama production decreased from approximately RMB63,237,000 as at 31 December 2021 to approximately RMB42,657,000 as at 31 December 2022. It was attributable to (1) the Group's cautious attitude towards film, drama and non-drama production projects amid the pandemic, (2) the release of a number of variety shows and (3) an impairment of movies during the Year.

### ***Film, drama and non-drama production in progress***

Film, drama and non-drama productions in progress decreased to RMB14,857,000 as at 31 December 2022 (As at 31 December 2021: RMB65,340,000). The decrease was brought by (1) the release of "Mission Run" ("廉政狙擊") during the Year on Youku, one of the leading online video platforms in the PRC under Alibaba Group, and (2) the pandemic's impact on the progress in shooting and production of certain productions.

### ***Trade receivables***

Trade receivables from third parties, net of loss allowance, slightly decreased from RMB84,833,000 as at 31 December 2021 to RMB82,273,000 as at 31 December 2022. The management reviews the aging trade receivables regularly and follows up with the respective general managers and/or customers on the collection of such trade receivables. Details of the trade and other receivables as at 31 December 2022 are set out in Note 13 in this announcement.

### ***Trade and other payables***

Trade and other payables increased from approximately RMB37,394,000 as at 31 December 2021 to RMB52,599,000 as at 31 December 2022, mainly due to the receipt of payment in advance in relation to the production of “Endless Battle” (“無間一戰”) during the Year.

### ***Contract liabilities***

Contract liabilities decreased by 94% from RMB83,270,000 as at 31 December 2021 to RMB5,230,000 as at 31 December 2022, which was mainly attributable to the release of “Mission Run” (“廉政狙擊”) on Youku during the Year.

### ***Amounts due to related parties***

Amounts due to related parties decreased from RMB37,176,000 as at 31 December 2021 to RMB23,614,000 as at 31 December 2022. It was mainly due to the settlement of the payment for several artiste engagements during the Year.

### **Liquidity and Financial Resources**

The Group financed its operations with internal resources and bank borrowing, whenever necessary. As at 31 December 2022, the Group’s total bank balances and cash and short-term bank deposits amounted to approximately RMB322,828,000 (31 December 2021: RMB312,059,000), indicating that a healthy and sound financial position was maintained. The Group’s bank and cash balances were denominated in the Hong Kong dollars, the renminbi and the United States dollars (“USD”).

### **Pledge of Assets**

As at 31 December 2022, the Group did not have any pledge of assets (31 December 2021: nil).

### **Capital Structure**

As at 31 December 2022, the Group’s equity attributable to owners of the Company increased by 8% to RMB452,793,000 (31 December 2021: RMB418,983,000). Net asset value per share attributable to owners of the Company increased to RMB31.90 cents (31 December 2021: RMB29.51 cents). Current ratio was 5.4 (31 December 2021: 3.2).

As at 31 December 2022 and 31 December 2021, the number of total issued shares of the Company was 1,419,610,000.

### **Capital Commitments and Contingent Liabilities**

As at 31 December 2022, the Group had a capital commitment of RMB1,000,000 in the form of the unpaid registered capital of an associate (31 December 2021: RMB1,100,000).

## **Final Dividend**

The Board of Directors has resolved not to recommend the payment of a final dividend. The Company believes that this measure is a prudent and responsible means of preserving cash for the long-term financial health of the Group.

## **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 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 Borrowing and Gearing Ratio**

As at 31 December 2022, the Group had bank borrowing of RMB4,467,000 during the year. The gearing ratio of the Group, calculated on the basis of interest-bearing debts over total assets, was 1% as at 31 December 2022 (31 December 2021: Nil).

## **Human Resources**

As at 31 December 2022, the Group had a total of 74 employees (31 December 2021: 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](http://www.shawbrotherspictures.com) (the "Company's Website") and the website of the Stock Exchange for listed issuers information at [www.hkexnews.hk](http://www.hkexnews.hk) (the "Exchange's Website") together with 2022 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 Websites 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 2022 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, 24 March 2023

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