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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

2023 INTERIM RESULTS HIGHLIGHTS

- In February 2023, a 27-episode anti-corruption drama series “Mission Run” (“廉政狙擊”) was broadcast in Hong Kong.
- An action crime film “Endless Battle” (“無間一戰”) was released on Youku in mainland China in August 2023 and it also had its theatrical release in Malaysia during the same month.
- The artiste and event management business experienced growth, with revenue increasing from RMB12,498,000 to RMB19,265,000. This growth was driven by the relaxation of COVID-19 restrictions and measures in early 2023, leading to an increase in external commercial engagements for the artistes under the Group’s management, as well as their involvement in multiple domestic and overseas film or drama projects.
- The Group’s revenue decreased by 20% to RMB30,052,000 for the Review Period from RMB37,558,000 for Previous Period mainly due to the decreased revenue contribution from film, drama and non-drama segment during the Review Period.
- Loss attributable to the owners of the Company was RMB735,000 for the Review Period (2022: RMB1,149,000).

- Loss per share was RMB0.05 cents (2022: RMB0.08 cents).
- Bank balances and cash, net of bank borrowing, amounted to RMB311,076,000 as at 30 June 2023 (31 December 2022: RMB318,361,000).
- Net assets value per share attributable to the owners of the Company as at 30 June 2023 was RMB32.60 cents (31 December 2022: RMB31.90 cents).
- The Board did not recommend the payment of interim dividend for the Review Period.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2023 <i>RMB</i> (Unaudited)	2022 <i>RMB</i> (Unaudited)	
Revenue			
Film, drama and non-drama ('000)	10,787	25,060	-57.0%
Artiste and event management ('000)	19,265	12,498	54.1%
Total ('000)	<u>30,052</u>	<u>37,558</u>	-20.0%
Segment (loss) profit			
Film, drama and non-drama ('000)	(4,494)	7,457	-160.3%
Artiste and event management ('000)	5,402	1,102	390.2%
Total ('000)	<u>908</u>	<u>8,559</u>	-89.4%
Performance			
Loss attributable to owners of the Company ('000)	(735)	(1,149)	-36.0%
Loss per share (<i>RMB cents</i>) ⁽¹⁾	<u>(0.05)</u>	<u>(0.08)</u>	-37.5%

FINANCIAL HIGHLIGHTS

	30 June 2023 RMB (Unaudited)	31 December 2022 RMB (Audited)	Change
Total assets ('000)	530,634	533,123	-0.5%
Total liabilities ('000)	82,382	95,091	-13.4%
Total equity ('000)	448,252	438,032	2.3%
	30 June 2023	31 December 2022	
Number of issued shares ('000)	1,419,610	1,419,610	-
Ratios			
Current ratio ⁽²⁾	6.3	5.4	N/A
Gearing ratio ⁽³⁾	0.87%	0.84%	N/A
Net asset value per share attributable to the owners of the Company (RMB cents) ⁽⁴⁾			
	<u>32.60</u>	<u>31.90</u>	<u>2.2%</u>

Notes:

- (1) Loss per share was calculated by dividing the loss for the period attributable to owners of the Company by the number of the issued shares as at the respective dates.
- (2) Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.
- (3) Gearing ratio was calculated by dividing the total debt by total assets as at the respective dates.
- (4) Net asset value per share attributable to the owners of the Company was calculated by dividing equity attributable to owners of the Company by the number of the issued shares as at the respective dates.

The board of Directors (the “**Board**”) of Shaw Brothers Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	30,052	37,558
Cost of sales		<u>(8,114)</u>	<u>(18,185)</u>
Gross profit		21,938	19,373
Other income (expenses), net		7,370	(2,819)
Selling and distribution expenses		(861)	(2,427)
Administrative expenses		(18,028)	(16,128)
Impairment loss of investments in films, drama and non-drama		(7,861)	–
(Impairment loss) reversal of impairment loss of trade receivables		(2,917)	5
Share of loss of an associate		(78)	(304)
Finance costs	5	<u>(397)</u>	<u>(298)</u>
Loss before tax		(834)	(2,598)
Income tax expenses	6	<u>(278)</u>	<u>(59)</u>
Loss for the period	7	<u>(1,112)</u>	<u>(2,657)</u>
Loss for the period attributable to:			
– Owners of the Company		(735)	(1,149)
– Non-controlling interests		<u>(377)</u>	<u>(1,508)</u>
Loss for the period		<u>(1,112)</u>	<u>(2,657)</u>
Loss per share			
– Basic and diluted (RMB cents)	8	<u>(0.05)</u>	<u>(0.08)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	<u>(1,112)</u>	<u>(2,657)</u>
Other comprehensive income (expenses) for the period		
<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	12,775	16,709
Fair value loss on investments in equity instruments at fair value through other comprehensive income	<u>(1,443)</u>	<u>–</u>
	<u>11,332</u>	<u>16,709</u>
Total comprehensive income for the period	<u>10,220</u>	<u>14,052</u>
Total comprehensive income (expenses) for the period attributable to		
– Owners of the Company	9,942	14,556
– Non-controlling interests	<u>278</u>	<u>(504)</u>
	<u>10,220</u>	<u>14,052</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Plant and equipment	<i>10</i>	1,579	1,816
Equity instruments at fair value through other comprehensive income	<i>11</i>	32,233	32,629
Right-of-use assets		7,418	4,888
Television programme rights		2,812	3,269
Interest in an associate		96	174
		44,138	42,776
Current assets			
Investments in films, drama and non-drama Films, drama and non-drama productions in progress	<i>12</i> <i>12</i>	81,554 17,928	42,657 14,857
Trade and other receivables	<i>13</i>	52,204	109,098
Amounts due from related parties		19,124	907
Bank balances and cash		315,686	322,828
		486,496	490,347
Current liabilities			
Trade and other payables	<i>14</i>	53,587	52,599
Contract liabilities	<i>14</i>	7,045	5,230
Income tax payables		1,015	3,875
Lease liabilities		3,083	1,349
Amounts due to related parties		8,187	23,614
Bank borrowing		4,610	4,467
		77,527	91,134
Net current assets		408,969	399,213
Total assets less current liabilities		453,107	441,989
Non-current liabilities			
Lease liabilities		4,855	3,957
Net assets		448,252	438,032

	30 June 2023	31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	12,322	12,322
Reserves	450,403	440,471
	<hr/>	<hr/>
Equity attributable to owners of the Company	462,725	452,793
Non-controlling interests	(14,473)	(14,761)
	<hr/>	<hr/>
Total equity	448,252	438,032
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 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.

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 2022.

Application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are effective for the Group’s financial year beginning 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and 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.

3. REVENUE

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Films, drama and non-drama productions	8,458	11,802
Investments in films, drama and non-drama	2,329	13,258
Artiste management services income	17,754	11,574
Event management services income	1,511	924
	<u>30,052</u>	<u>37,558</u>

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

4. SEGMENT INFORMATION

Information reported to the executive director, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of products 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; 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.

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	
	Six months ended 30 June					
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Segment revenue	<u>10,787</u>	25,060	<u>19,265</u>	12,498	<u>30,052</u>	<u>37,558</u>
Segment (loss) profit	<u>(4,494)</u>	<u>7,457</u>	<u>5,402</u>	<u>1,102</u>	<u>908</u>	<u>8,559</u>
Unallocated income					<u>4,589</u>	1,609
Unallocated expenses					<u>(6,331)</u>	<u>(12,766)</u>
Loss before tax					<u>(834)</u>	<u>(2,598)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit incurred by each segment without allocation of interest income, finance costs and certain administrative expenses and other income (expenses), net. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

5. FINANCE COSTS

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Interests on:		
Bank borrowing	137	60
Lease liabilities	260	238
	397	298

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Current tax:		
Hong Kong Profits Tax	288	5
People's Republic of China ("PRC") Enterprise Income Tax ("EIT")	46	54
	334	59
Overprovision in prior years:		
EIT	(56)	–
	278	59

- (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 six months ended 30 June 2023 and 2022.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Directors' emoluments:		
Salaries and allowances	911	792
Contributions to retirement benefits scheme	–	–
	<u>911</u>	<u>792</u>
Staff costs:		
Salaries and allowances	9,272	8,438
Contributions to retirement benefits scheme	943	826
	<u>10,215</u>	<u>9,264</u>
Total staff costs (including directors' emoluments)	<u>11,126</u>	<u>10,056</u>
Amortisation of television programme rights	542	253
Depreciation of plant and equipment	310	355
Depreciation of right-of-use assets	1,302	714
Impairment loss (reversal of impairment loss) of trade receivables	2,917	(5)
Impairment loss of investments in films, drama and non-drama	7,861	–
Government subsidies	–	(292)
Interest income	(4,253)	(1,076)
Exchange loss, net	201	4,424
	<u>201</u>	<u>4,424</u>

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	
	2023 RMB'000 (Unaudited)	2022 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)	<u>(735)</u>	<u>(1,149)</u>
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,419,610</u>	<u>1,419,610</u>

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 2023 and 2022.

9. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2023 and 2022, 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 2023, the Group paid approximately RMB70,000 on addition of plant and equipment (six months ended 30 June 2022: RMB57,000).

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Unlisted investments:		
Equity securities	<u>32,233</u>	<u>32,629</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 at fair value through other comprehensive income 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 PRODUCTIONS IN PROGRESS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Investments in films, drama and non-drama	116,978	69,094
Less: accumulated impairment	<u>(35,424)</u>	<u>(26,437)</u>
	<u>81,554</u>	<u>42,657</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.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Films, drama and non-drama productions in progress	<u>17,928</u>	<u>14,857</u>

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

13. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	41,973	91,589
Less: allowance for impairment of trade receivables	(12,249)	(9,316)
	29,724	82,273
Other receivables and deposits	4,220	12,058
Prepayments	18,260	14,767
Trade and other receivables	52,204	109,098

As at 30 June 2023, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB41,973,000 (31 December 2022: RMB91,589,000).

The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of products or services by or invoices to its customers. 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 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	18,424	61,567
91 to 180 days	670	1,379
181 to 365 days	247	442
Over 365 days	10,383	18,885
Total	29,724	82,273

14. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	<u>28,479</u>	<u>28,917</u>
Other payables	21,333	15,061
Accrued payroll and accruals	<u>3,775</u>	<u>8,621</u>
	<u>25,108</u>	<u>23,682</u>
Trade and other payables	<u>53,587</u>	<u>52,599</u>
Contract liabilities	<u>7,045</u>	<u>5,230</u>

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	15,711	8,167
91 to 180 days	2,015	762
181–365 days	3,827	6,724
Over 365 days	<u>6,926</u>	<u>13,264</u>
Total	<u>28,479</u>	<u>28,917</u>

The credit period is ranged from 60 days to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 June 2023 (the “**Review Period**”), Shaw Brothers Holdings Limited (the “**Company**”, which together with its subsidiaries, collectively the “**Group**”), recorded revenue of RMB30,052,000 for the Review Period, a decrease by 20% as compared to the revenue of RMB37,558,000 for the six months ended 30 June 2022 (the “**Previous Period**”), resulting from the delays in the development of film, drama and non-drama projects. Film, drama and non-drama and artiste and event management are the two business segments of the Group. Below is an analysis of the Group’s revenue by business segment.

	Six months ended 30 June	
	2023	2022
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Film, drama and non-drama	10,787	25,060
Artiste and event management	19,265	12,498
	<u>30,052</u>	<u>37,558</u>

Film, Drama and Non-Drama

Released productions

The Group’s 27-episode anti-corruption drama series “Mission Run” (“廉政狙擊”), which starred Bosco Wong (黃宗澤), Shaun Tam (譚俊彥), Ron Ng (吳卓羲) and Nancy Wu (胡定欣), was 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 from February to March 2023.

The Group released a variety of non-drama on various Chinese portals and online platforms during the Review Period, included variety shows as “Gigi’s Tasteful Kitchen Third Season” (“Gi味俱全3”) and “My United Lover” (“搵鬼做情人”).

Productions in progress

An action crime film “Endless Battle” (“無間一戰”) was released on Youku in mainland China in August 2023 and it also had its theatrical release in Malaysia during 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).

The easing of COVID-19 restrictions and measures in early 2023 did not immediately result in an improvement in revenue from film, drama and non-drama projects. The Group continues to collaborate with business partners to produce, invest in, or distribute films and drama series featuring high-quality content. In addition, the Group aims to strengthen the synergy between its business of film and drama production and that of artiste and event management by integrating artistes under the Group's management into the cast of its films and drama productions and investments.

Artiste and Event Management

Since the relaxation of COVID-19 restrictions and measures during the Review Period, the Group has experienced an increase in external commercial engagements for the artistes under the Group's management, as well as their involvement in multiple domestic and overseas film or drama projects.

As at 30 June 2023, 69 artistes were under the Group's management. Artistes managed by the wholly-owned subsidiaries 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 Cholam (王祖藍), Roger Kwok (郭晉安) and Eliza Sam (岑麗香), as well as popular singer Teresa Carpio (杜麗莎).

Prospect

With the easing of pandemic restrictions and a recovering economy, the Group anticipates a recovery in the film, drama and non-drama, and artiste and event management industries. A resumption of overseas film shooting permissions enables the production of movies and dramas with diverse subjects and genres. Cinemas have returned to normal operations, rejuvenating investor confidence.

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. Building upon the success of action crime drama series like "Flying Tiger" "Mission Run" and "Line Walker Series", the Group continues its efforts to forge collaborations with business partners and investors, especially in mainland China, to jointly develop high-quality films and dramas.

Leveraging its production expertise, strategic partnerships, and talented pool of artistes, the Group aims to capitalize on post-pandemic opportunities and become a leading content producer in the Asia-Pacific region.

Financial Review

Revenue of the Group decreased from RMB37,558,000 for the Previous Period to RMB30,052,000 for the Review Period, representing a decrease of RMB7,506,000 or 20%. It was mainly due to the decreased revenue contribution from film, drama and non-drama segment during the Review Period.

Film, Drama and Non-Drama

	Six months ended 30 June		Change RMB'000	%
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)		
Revenue	10,787	25,060	(14,273)	-57.0
Segment (loss) profit	(4,494)	7,457	(11,951)	-160.3
Segment profit margin	N/A	29.8%		

Revenue from the film, drama and non-drama segment decreased from RMB25,060,000 for the Previous Period to RMB10,787,000 for the Review Period, a decrease by 57.0% was mainly due to the decrease in the number of film, drama and non-drama released for the Review Period compared to the Previous Period. The reportable segment loss of the film, drama and non-drama segment was mainly attributable to the impairment loss of investments in films, drama and non-drama.

Artiste and Event Management

	Six months ended 30 June		Change RMB'000	%
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)		
Revenue	19,265	12,498	6,767	54.1
Segment profit	5,402	1,102	4,300	390.2
Segment profit margin	28.0%	8.8%		

Revenue from the artiste and event management segment increased by 54.1% from RMB12,498,000 for Previous Period to RMB19,265,000 for the Review Period. The growth was primarily driven by the relaxation of COVID-19 restrictions and measures in early 2023, resulting in an increased number of external commercial engagements for the artistes under the Group's management, as well as the participation in multiple domestic and overseas film or drama projects.

Cost of Sales

Cost of sales decreased by 55.4% from RMB18,185,000 for the Previous Period to RMB8,114,000 for the Review Period due to lower absorption of film, drama and non-drama distribution costs during the Review Period.

Other Income (Expenses), Net

The Group recorded other income of RMB7,370,000 for the Review Period, in contrast to other expenses of RMB2,819,000 for the Previous Period. The change was mainly due to (1) decrease in exchange loss arising from the translations of RMB denominated financial instruments; (2) increase in interest income on bank deposits resulted from rising interest rates; and (3) write back of cost provisions.

Selling and Distribution Expenses

Selling and distribution expenses decreased from RMB2,427,000 for the Previous Period to RMB861,000 for the Review Period, a decrease of 64.5% attributable to fewer advertising and promotional activities related to film, drama and non-drama business and artiste and event management business during the Review Period.

Administrative Expenses

Administrative expenses increased from RMB16,128,000 for the Previous Period to RMB18,028,000 for the Review Period, an increase of 11.8% due to (1) higher depreciation for right-of-use assets attributable to the entering of two new tenancy agreements by the Group; (2) increase in legal and professional fees in respect of corporate matters; and (3) increase in other operating expenses during the Review Period after the relaxed anti-pandemic measurements.

Impairment Losses

Impairment loss of investments in films, drama and non-drama

Impairment loss of investments in films, drama and non-drama of RMB7,861,000 recognised for the Review Period (Six months ended 30 June 2022: Nil). The impairment loss of investments in films, drama and non-drama was made based on the management's estimation of the recoverable amount against the carrying amount of the investments in films, drama and non-drama. The impairment loss was determined based on the present value of expected future revenues and related cash flows arising from the investments in films, drama and non-drama.

Impairment loss of (reversal of impairment loss) of trade receivables

Impairment loss of trade receivables of RMB2,917,000 recognised for the Review Period in contrast to a reversal of impairment of trade receivables of RMB5,000 for the Previous Period. The increase in provision for impairment of trade receivables was mainly due to the increase in the expected credit loss ("ECL") resulting from the decrease in recoverability of long outstanding trade receivables and the Group's prudent practice of adopting the ECL model.

Income Tax Expenses

Income tax expenses increased from RMB59,000 for the Previous Period to RMB278,000 for the Review Period, which was mainly due to the recognition of income tax expenses from a major subsidiary in Hong Kong.

Loss for the Period and Loss Attributable to the Owners of the Company

Loss for the period decreased from RMB2,657,000 for the Previous Period to RMB1,112,000 for the Review Period. Loss attributable to the owners of the Company for the Review Period amounted to RMB735,000, a decrease of RMB414,000 or 36% from RMB1,149,000 for the Previous Period. The loss was caused by the increase in the provision of impairment losses on investments in films, drama and non-drama and trade receivables for the Review Period.

Investments in Films, Drama and Non-Drama

Investment in films, drama and non-drama increased from RMB42,657,000 as at 31 December 2022 to RMB81,554,000 as at 30 June 2023. It was mainly attributable to the co-productions in certain new dramas during the Review Period, net of provision for impairment loss of investment in films, drama and non-drama during the Review Period.

Film, Drama and Non-Drama Production in Progress

Film, drama and non-drama production in progress increased from RMB14,857,000 as at 31 December 2022 to RMB17,928,000 as at 30 June 2023. It was mainly attributable to the additional production costs of an action crime film “Endless Battle” (“無間一戰”) incurred during the Review Period.

Trade Receivables

Trade receivables from third parties, net of loss allowance, significantly decreased from RMB82,273,000 as at 31 December 2022 to RMB29,724,000 as at 30 June 2023, mainly due to the receipt of payments from customers during the Review Period. 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 30 June 2023 are set out in Note 13 to the condensed consolidated financial statements in this announcement.

Trade and Other Payables

Trade and other payables increased from RMB52,599,000 as at 31 December 2022 to RMB53,587,000 as at 30 June 2023. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. Details of the trade and other payables as at 30 June 2023 are set out in the Note 14 to the condensed consolidated financial statements in this announcement.

Contract Liabilities

Contract liabilities increased from RMB5,230,000 as at 31 December 2022 to RMB7,045,000 as at 30 June 2023, which was mainly attributable to the receipt in advance from the artiste and event management.

Amounts Due to Related Parties

Amounts due to related parties decreased from RMB23,614,000 as at 31 December 2022 to RMB8,187,000 as at 30 June 2023. It was mainly due to the settlement of the payment for certain artiste engagements during the Review Period.

Liquidity and Financial Resources

The Group financed its operations with internal resources and bank borrowing, whenever necessary. As at 30 June 2023, the Group holds RMB315,686,000 in bank balances and cash (31 December 2022: RMB322,828,000), indicating that a healthy and sound financial position was maintained. The Group's bank balances and cash were denominated in Hong Kong dollars (“HKD”), Renminbi and United States dollars (“USD”).

Pledge of Assets

As at 30 June 2023, the Group did not have any pledge of assets (31 December 2022: Nil).

Capital Structure

As at 30 June 2023, the Group's equity attributable to owners of the Company increased by 2.2% to RMB462,725,000 (31 December 2022: RMB452,793,000). Net asset value per share attributable to owners of the Company increased to RMB32.60 cents (31 December 2022: RMB31.90 cents). Current ratio was 6.3 (31 December 2022: 5.4).

As at 30 June 2023 and 31 December 2022, the number of total issued shares of the Company was 1,419,610,000.

Capital Commitments and Contingent Liabilities

As at 30 June 2023, the Group had a capital commitment of RMB1,000,000 in the form of the unpaid registered capital of an associate (31 December 2022: RMB1,000,000).

Foreign Exchange Risk

The Group mainly operates in Hong Kong and mainland China 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 Review 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 Borrowing and Gearing Ratio

The Group's interest-bearing bank borrowing dominated in HKD increased from RMB4,467,000 as at 31 December 2022 to RMB4,610,000 due to the depreciation of RMB against HKD during the Review Period. The gearing ratio of the Group, calculated on the basis of interest-bearing debts over total assets, was 0.87% as at 30 June 2023 (31 December 2022: 0.84%).

Human Resources

As at 30 June 2023, the Group had a total of 68 employees (31 December 2022: 74 employees).

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the Review Period (Six months ended 30 June 2022: Nil).

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 Review Period.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange during the Review 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 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 and its code of conduct regarding Directors' securities transactions throughout the Review Period.

CONSTITUTIONAL DOCUMENTS

During the Review Period, the Company had adopted the amended and restated Memorandum of Association and Articles of Association of the Company on 8 June 2023 when the Company's shareholders approved and adopted the same. For details of the amendments to the Company's pre-existing Memorandum of Association and Articles of Association, please see the Company's circular dated 28 April 2023. An up-to-date consolidated version of the amended and restated Memorandum of Association and Articles of Association of the Company is available 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**") respectively.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Review 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 regarding the accounting principles and practices adopted by the Group and discussed financial reporting matters, including the review of the Group's unaudited condensed consolidated financial information and the interim report for the Review Period.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This announcement is published on the Exchange's Website and the Company's Website. The interim report of the Group for the Review Period will be despatched to shareholders at the appropriate time and will be available on the Exchange's Website and the Company's Website in due course.

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

Hong Kong, 22 August 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