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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 2023

2023 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 RMB25,603,000 to RMB28,752,000. 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 59.9% to RMB64,536,000 for the Year from RMB161,051,000 for the Previous Year mainly due to the decreased revenue contribution from film, drama and non-drama segment during the Year.
- Loss attributable to the owners of the Company was RMB2,898,000 for the Year (2022: RMB302,000).
- Loss per share was RMB0.20 cents for the Year (2022: RMB0.02 cents).

- Bank balances and cash, net of bank borrowing, amounted to RMB301,641,000 as at 31 December 2023 (31 December 2022: RMB318,361,000).
- Net assets value per share attributable to the owners of the Company as at 31 December 2023 was RMB31.64 cents (31 December 2022: RMB31.90 cents).
- The Board did not recommend the payment of final dividend for the Year.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2023 RMB	2022 RMB	
Revenue			
Film, drama and non-drama ('000)	35,784	135,448	-73.6%
Artiste and event management ('000)	28,752	25,603	12.3%
Total ('000)	64,536	161,051	-59.9%
Segment (loss) profit			
Film, drama and non-drama ('000)	(8,906)	18,095	-149.2%
Artiste and event management ('000)	7,436	9,659	-23.0%
Total ('000)	(1,470)	27,754	-105.3%
Performance			
Loss attributable to owners of the Company ('000)	(2,898)	(302)	859.6%
Loss per share (RMB cents) ⁽¹⁾	(0.20)	(0.02)	900.0%

	31 December		Change
	2023	2022	
	RMB	RMB	
Total assets ('000)	491,534	533,123	-7.8%
Total liabilities ('000)	61,484	95,091	-35.3%
Total equity ('000)	430,050	438,032	-1.8%
Number of issued shares ('000)	1,419,610	1,419,610	–
Ratios			
Current ratio ⁽²⁾	7.8	5.4	N/A
Gearing ratio ⁽³⁾	0.93%	0.84%	N/A
Net asset value per share attributable to the owners of the Company			
(RMB cents)⁽⁴⁾	31.64	31.90	-0.8%

Notes:

- (1) Loss per share was calculated by dividing the loss for the year 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 interest-bearing debts by total assets 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 the respective dates.

The board (the “**Board**”) of directors (the “**Directors**”) 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 2023 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	3	64,536	161,051
Cost of sales		<u>(34,251)</u>	<u>(110,738)</u>
Gross profit		30,285	50,313
Other income, gains and losses, net	5	14,376	(5,213)
Selling and distribution expenses		(1,456)	(5,550)
Administrative expenses		(35,186)	(37,325)
Impairment loss of investments in films, drama and non-drama		(9,140)	(3,877)
Impairment loss of trade receivables		(5,518)	(3,974)
Share of loss of an associate		(97)	(390)
Finance costs	6	<u>(816)</u>	<u>(624)</u>
Loss before tax		(7,552)	(6,640)
Income tax expenses	7	<u>(165)</u>	<u>(885)</u>
Loss for the year	8	<u>(7,717)</u>	<u>(7,525)</u>
Loss for the year attributable to:			
– Owners of the Company		(2,898)	(302)
– Non-controlling interests		<u>(4,819)</u>	<u>(7,223)</u>
Loss for the year		<u>(7,717)</u>	<u>(7,525)</u>
Loss per share			
– Basic and diluted (RMB cents)	9	<u>(0.20)</u>	<u>(0.02)</u>

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

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year	<u>(7,717)</u>	<u>(7,525)</u>
Other comprehensive (expense) income for the year		
<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	8,063	33,772
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)	<u>(8,328)</u>	<u>1,363</u>
	<u>(265)</u>	<u>35,135</u>
Total comprehensive (expense) income for the year	<u>(7,982)</u>	<u>27,610</u>
Total comprehensive (expense) income for the year attributable to:		
– Owners of the Company	(3,569)	33,268
– Non-controlling interests	<u>(4,413)</u>	<u>(5,658)</u>
	<u>(7,982)</u>	<u>27,610</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current assets			
Plant and equipment		1,608	1,816
Equity instruments at fair value through other comprehensive income	11	24,960	32,629
Right-of-use assets		5,701	4,888
Deferred tax assets		141	–
Television programme rights		2,224	3,269
Interest in an associate		77	174
		<u>34,711</u>	<u>42,776</u>
Current assets			
Investments in films, drama and non-drama Films, drama and non-drama productions in progress	12	85,373	42,657
Trade and other receivables	13	35,609	109,098
Amounts due from related parties		25,349	907
Bank balances and cash		306,198	322,828
		<u>456,823</u>	<u>490,347</u>
Current liabilities			
Trade and other payables	14	39,353	52,599
Contract liabilities	14	6,827	5,230
Income tax payables		282	3,875
Lease liabilities		3,256	1,349
Amounts due to related parties		4,199	23,614
Bank borrowing		4,557	4,467
		<u>58,474</u>	<u>91,134</u>
Net current assets		<u>398,349</u>	<u>399,213</u>
Total assets less current liabilities		<u>433,060</u>	<u>441,989</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2023*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current liabilities		
Lease liabilities	<u>3,010</u>	<u>3,957</u>
Net assets	<u>430,050</u>	<u>438,032</u>
Capital and reserves		
Share capital	12,322	12,322
Reserves	<u>436,892</u>	<u>440,471</u>
Equity attributable to owners of the Company	449,214	452,793
Non-controlling interests	<u>(19,164)</u>	<u>(14,761)</u>
Total equity	<u>430,050</u>	<u>438,032</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 substantial shareholder of the Company is Mr. Li Ruigang.

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.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”). Subsidiaries of the Company have their functional currencies other than HK\$, mainly Renminbi (“**RMB**”). The directors of the Company adopted RMB as presentation currency for the convenience of the financial statements users.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	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

Except as described below, the application of the new and 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.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, in light of (i) the related deferred tax arising from right-of-use assets and lease liabilities qualify for offset under HKAS 12, and (ii) the net deferred tax balances are not material to the consolidated financial statements, the Group did not recognise deferred tax assets retrospectively.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual period beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Films, drama and non-drama productions	24,508	117,699
Investments in films, drama and non-drama	11,276	17,749
Artiste management services income	25,044	21,973
Event management services income	3,708	3,630
	<u>64,536</u>	<u>161,051</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 goods or services delivered or provided.

Segment revenues, results, assets and liabilities

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					
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Segment revenue	<u>35,784</u>	135,448	<u>28,752</u>	25,603	<u>64,536</u>	161,051
Segment (loss) profit	<u>(8,906)</u>	18,095	<u>7,436</u>	9,659	<u>(1,470)</u>	27,754
Unallocated income					12,985	6,315
Unallocated expenses					<u>(19,067)</u>	<u>(40,709)</u>
Loss before tax					<u>(7,552)</u>	<u>(6,640)</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, certain administrative expenses, other expenses, and other income, gains and losses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
SEGMENT ASSETS		
Films, drama and non-drama	93,701	142,729
Artiste and event management	<u>31,738</u>	<u>22,234</u>
Total segment assets	125,439	164,963
Unallocated assets	<u>366,095</u>	<u>368,160</u>
	<u>491,534</u>	<u>533,123</u>
SEGMENT LIABILITIES		
Films, drama and non-drama	7,394	50,136
Artiste and event management	<u>45,397</u>	<u>37,997</u>
Total segment liabilities	52,791	88,133
Unallocated liabilities	<u>8,693</u>	<u>6,958</u>
	<u>61,484</u>	<u>95,091</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than plant and equipment, equity instruments at FVTOCI, right-of-use assets, deferred tax assets, amounts due from related parties, bank balances and cash and certain other receivables and prepayments as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than lease liabilities and certain accruals and other payables as these liabilities are managed on a group basis.

Other segment information

Amounts regularly provided to the CODM are as follows:

	Films, drama and non-drama RMB'000	Artiste and event management RMB'000	Unallocated RMB'000	Total RMB'000
Year ended 31 December 2023				
<i>Amounts included in the measure of segment results or segment assets:</i>				
Impairment loss of investments in films, drama and non-drama	<u>9,140</u>	<u>–</u>	<u>–</u>	<u>9,140</u>
Impairment loss of trade receivables	<u>5,518</u>	<u>–</u>	<u>–</u>	<u>5,518</u>
<i>Amounts regularly provided to the CODM but not included in the measure of segment results:</i>				
Additions to non-current assets (Note)	<u>–</u>	<u>–</u>	<u>3,600</u>	<u>3,600</u>
Interest income	<u>–</u>	<u>–</u>	<u>(10,305)</u>	<u>(10,305)</u>
Depreciation of plant and equipment	<u>–</u>	<u>–</u>	<u>729</u>	<u>729</u>
Depreciation of right-of-use assets	<u>–</u>	<u>–</u>	<u>2,287</u>	<u>2,287</u>
Finance costs	<u>–</u>	<u>–</u>	<u>816</u>	<u>816</u>

	Films, drama and non-drama <i>RMB'000</i>	Artiste and event management <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022				
<i>Amounts included in the measure of segment results or segment assets:</i>				
Impairment loss of investments in films, drama and non-drama	<u>3,877</u>	<u>–</u>	<u>–</u>	<u>3,877</u>
<i>Amounts regularly provided to the CODM but not included in the measure of segment results:</i>				
Additions to non-current assets (<i>Note</i>)	<u>–</u>	<u>–</u>	<u>89</u>	<u>89</u>
Interest income	<u>–</u>	<u>–</u>	<u>(3,987)</u>	<u>(3,987)</u>
Depreciation of plant and equipment	<u>–</u>	<u>–</u>	<u>670</u>	<u>670</u>
Depreciation of right-of-use assets	<u>–</u>	<u>–</u>	<u>1,429</u>	<u>1,429</u>
Impairment loss of trade receivables	<u>–</u>	<u>–</u>	<u>3,974</u>	<u>3,974</u>
Finance costs	<u>–</u>	<u>–</u>	<u>624</u>	<u>624</u>

Note: Non-current assets excluded equity instruments at FVTOCI and deferred tax assets.

Geographical information

The Group's operation is mainly 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>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Revenue from external customers</i>				
Year ended 31 December 2023	39,979	23,041	1,516	64,536
Year ended 31 December 2022	138,441	22,610	–	161,051
<i>Non-current assets (Note)</i>				
As at 31 December 2023	7,223	2,387	–	9,610
As at 31 December 2022	6,769	3,378	–	10,147

Note: Non-current assets excluded equity instruments at FVTOCI and deferred tax assets.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Management fee income	1,112	784
Net exchange gain (loss)	192	(11,528)
Interest income	10,305	3,987
Government grants and other subsidies (<i>Note</i>)	182	664
Covid-19 related rent concessions	–	148
Other income in respect of insurance claims received for its film productions	557	–
Written off of trade payable	423	–
Others	1,605	732
	14,376	(5,213)

Note: During the year ended 31 December 2023, other government grant of approximately RMB182,000 has been received by the Group's PRC subsidiary which was unconditional and therefore recognised in the consolidated statement of profit or loss. During the year ended 31 December 2022, the Group recognised government subsidy of approximately RMB664,000 in respect of COVID-19, which relates to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region.

6. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interests on:		
Bank borrowing	317	172
Lease liabilities	499	452
	<u>816</u>	<u>624</u>

7. INCOME TAX EXPENSES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax:		
Hong Kong Profits Tax	344	1,511
PRC Enterprise Income Tax (“EIT”)	156	80
	<u>500</u>	<u>1,591</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(9)	(6)
EIT	(185)	(700)
	<u>(194)</u>	<u>(706)</u>
Deferred tax	<u>(141)</u>	–
Total	<u>165</u>	<u>885</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 years ended 31 December 2023 and 2022.

8. LOSS FOR THE YEAR

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Directors' emoluments:		
Fees	1,855	1,705
Contributions to retirement benefits scheme	—	—
	<u>1,855</u>	<u>1,705</u>
Staff costs:		
Salaries and allowances	17,821	17,442
Contributions to retirement benefits scheme	2,161	1,569
	<u>19,982</u>	<u>19,011</u>
Total staff costs (including directors' emoluments)	<u>21,837</u>	<u>20,716</u>
Amortisation of television programme rights	1,103	525
Impairment loss of investment in films, drama and non-drama	9,140	3,877
Impairment loss of trade receivables	5,518	3,974
Auditors' remuneration	977	1,034
Depreciation of plant and equipment	729	670
Depreciation of right-of-use assets	2,287	1,429
Net exchange (gain) loss	(192)	11,528

9. 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the purpose of basic and diluted earnings per share		
Loss for the year attributable to the owners of the Company	<u>(2,898)</u>	<u>(302)</u>

	2023 <i>'000</i>	2022 <i>'000</i>
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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>
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The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2023 and 2022.

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

11. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Unlisted investments:		
Equity securities	<u>24,960</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 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 PRODUCTIONS IN PROGRESS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Investments in films, drama and non-drama	121,549	69,094
Less: accumulated impairment	<u>(36,176)</u>	<u>(26,437)</u>
	<u>85,373</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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Films, drama and non-drama productions in progress	<u>4,294</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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	31,410	91,589
Less: allowance for impairment of trade receivables	<u>(14,860)</u>	<u>(9,316)</u>
	16,550	82,273
Other receivables and deposits	3,355	12,058
Prepayments	<u>15,704</u>	<u>14,767</u>
Trade and other receivables	<u>35,609</u>	<u>109,098</u>

As at 31 December 2023, the gross amount of trade receivables arising from contracts with customers amounted to RMB31,410,000 (2022: RMB91,589,000).

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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 90 days	12,646	61,567
91 to 180 days	393	1,379
181 to 365 days	2,386	442
Over 365 days	1,125	18,885
Total	16,550	82,273

14. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	29,086	28,917
Other payables	7,574	15,061
Accrued payroll and accruals	2,693	8,621
	10,267	23,682
Trade and other payables	39,353	52,599
Contract liabilities	6,827	5,230

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 90 days	14,636	8,167
91 to 180 days	5,360	762
181 to 365 days	6,311	6,724
Over 365 days	2,779	13,264
Total	29,086	28,917

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Hong Kong's film industry is gradually rebounding from the impact of the COVID-19 pandemic, with 46 local movies being released in 2023, up from 27 in 2022. However, the cinema market in Hong Kong is still struggling to reach pre-pandemic levels, with box office revenue in 2023 just 25% up on 2022 when cinemas were subjected to anti-pandemic measures on occupancy rate. (Source: A press release titled "Overview of Hong Kong Film Market 2023 (《2023年香港電影市道整體情況》)" by Hong Kong Box Office Ltd.).

According to Gower Street Analytics, mainland China was the world's second largest film market in 2023, grasping more than 23% of the global box office and ranking just behind to the North American market. Given the limited size of Hong Kong's domestic market, the film industry in Hong Kong mainly relies on revenue from Asian markets, particularly the mainland China market. According to the 2023 Policy Address, the Hong Kong Government proposed injecting HK\$4.3 billion into the Film Development Fund and the CreateSmart Initiative. Additionally, they introduced the Filming Financing Scheme for Mainland Market and the Hong Kong-Europe-Asia Film Collaboration Funding Scheme. These initiatives aim to support investment projects that targeted the film markets in mainland China and overseas, as well as the film promoting production in Hong Kong for further industry development.

With the increasing popularity of high-speed internet and smart devices, the market for the over-the-top streaming platforms has been further expanded. By broadcasting programmes on these platforms, film production companies are able to reach a wider audience and create more business opportunities, generating higher profitability for the film and television industry.

BUSINESS REVIEW

During the year ended 31 December 2023 (the "Year"), the Group recorded revenue of RMB64,536,000, a decrease by 59.9% as compared to the revenue of RMB161,051,000 for the year ended 31 December 2022 (the "Previous Year"), resulting from a decrease in the number of film, drama and non-drama released for the Year compared to the Previous Year. 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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Film, drama and non-drama	35,784	135,448
Artiste and event management	28,752	25,603
	<u>64,536</u>	<u>161,051</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 myTV SUPER media service platform and the free-to-air channel of Television Broadcasts Limited ("TVB") in Hong Kong from February to March 2023.

An action crime film "Endless Battle" ("無間一戰") was released on Youku platform in mainland China in August 2023 and it also had its theatrical release in Malaysia during the same month. The movie stars Bosco Wong (黃宗澤), 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 Group released a variety of non-drama on various Chinese portals and online platforms during the Year, 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

A 25-episode disciplined forces drama "Prism Breakers" ("執法者們") has commenced the shooting in February 2024. The drama stars Bosco Wong (黃宗澤), Moses Chan (陳豪), Kenneth Ma (馬國明), Jessica Hester Hsuan (宣萱), Lawrence Ng (吳啟華), Him Law (羅子溢), Jeannie Chan (陳滢), Jacky Cai (蔡潔), Oscar Leung (梁競徽), Moon Lau (劉佩玥) and Regina Ho (何依婷). The drama is expected to be released on the Youku platform in late 2024.

Investments in film, drama and non-drama

During the Year, the Group collaborated with its business partners to invest and co-produce in new drama projects in mainland China and Hong Kong including "我叫趙甲第第二季", "OCTB Season 2" ("反黑2") and "OCTB Season 3" ("反黑3") in order to enrich the business portfolio and broaden the income stream.

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 Year, the Group has experienced an increase in 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 31 December 2023, 66 artistes were under the Group's management. Artistes managed by the wholly-owned subsidiaries included famous artistes such as Bosco Wong (黃宗澤), Joel Chan (陳山聰), Lawrence Ng (吳啟華), Nancy Wu (胡定欣), 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 proposed government support, the film industry is expected to rebound. Filmmakers and producers can resume normal operations, creating new content and attracting funding from both local and international investors. This will instill more confidence in investment in films.

Building upon the success of action crime drama series like "Flying Tiger" ("飛虎"), "Mission Run" ("廉政狙擊") and "Line Walker Series" ("使徒行者"), the Group has commenced the shooting of a 25-episode disciplined forces drama titled "Prism Breakers" ("執法者們"). The Group is also actively seeking collaborations with business partners and investors, especially in mainland China, to jointly develop high-quality films and dramas.

By featuring its own actors and actresses in movie and drama productions, the company aims to increase their exposure and enhance their fame. This integrated approach between film and drama production and artiste and event management will create synergies and maximize the potential of the Group's talent resources.

With its production expertise, established strategic partnerships and rich talent resources, the Group is well-positioned to capitalize on a post-pandemic recovery and support from government policy 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 AsiaPacific.

FINANCIAL REVIEW

Revenue of the Group decreased from RMB161,051,000 for the Previous Year to RMB64,536,000 for the Year, representing a decrease of RMB96,515,000 or 59.9%. It was mainly due to the decreased revenue contribution from film, drama and non-drama segment during the Review Year.

Film, drama and non-drama

Year ended 31 December	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Change <i>RMB'000</i>	%
Revenue	35,784	135,448	-99,664	-73.6
Segment (loss) profit	(8,906)	18,095	-27,001	-149.2
Segment profit margin	N/A	13.4%		

Revenue from the film, drama and non-drama segment decreased from RMB135,448,000 for the Previous Year to RMB35,784,000 for the Year, a decrease by 73.6% was mainly due to the decrease in the number of film, drama and non-drama released for the Year compared to the Previous Year. The reportable segment loss of the film, drama and non-drama segment was mainly attributable to the provision for impairment losses of investments in films, drama and non-drama and trade receivables.

Artiste and event management

Year ended 31 December	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Change <i>RMB'000</i>	%
Revenue	28,752	25,603	3,149	12.3%
Segment profit	7,436	9,659	-2,223	-23.0%
Segment profit margin	25.9%	37.7%		

Revenue from the artiste and event management segment increased by 12.3% from RMB25,603,000 for Previous Year to RMB28,752,000 for the Year. The growth was primarily driven by the relaxation of COVID-19 restrictions and measures in early 2023, resulting in an increased number of commercial engagements for the artistes under the Group's management, as well as the participation in multiple domestic and overseas film or drama projects. The lower profit margin at the artiste and event management segment was due to higher absorption of administrative expenses during the Year.

Cost of sales

Cost of sales decreased by 69.1% from RMB110,738,000 for the Previous Year to RMB34,251,000 for the Year due to lower absorption of film, drama and non-drama distribution costs during the Year.

Other income, gains and losses, net

The Group recorded other income of RMB14,376,000 for the Year, in contrast to other losses of RMB5,213,000 for the Previous Year. 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 RMB5,550,000 for the Previous Year to RMB1,456,000 for the Year, a decrease by 73.8% attributable to fewer advertising and promotional activities related to film, drama and non-drama business and artiste and event management business during the Year.

Administrative expenses

Administrative expenses decreased from RMB37,325,000 for the Previous Year to RMB35,186,000 for the Year, a decrease of 5.7% attributable to (1) one-off irrecoverable debt expenses of RMB4,420,000 in the Previous Year, net-off by (2) higher depreciation for right-of-use assets attributable to the entering of three new tenancy agreements by the Group; (3) increase in legal and professional fees in respect of corporate matters; and (4) increase in other operating expenses during the Year 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 RMB9,140,000 recognised for the Year (2022: RMB3,877,000). 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 trade receivables

Impairment loss of trade receivables of RMB5,518,000 recognised for the Year (2022: RMB3,974,000). 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 decreased from RMB885,000 for the Previous Year to RMB165,000 for the Year, which was mainly due to the decrease in profitability from a major subsidiary in Hong Kong.

Loss for the year and loss attributable to the owners of the Company

Loss for the year slightly increased from RMB7,525,000 for the Previous Year to RMB7,717,000 for the Year. Loss attributable to the owners of the Company for the Year amounted to RMB2,898,000, an increase of RMB2,596,000 or 859.6% from RMB302,000 for the Previous Year. The loss was caused by the increase in the provision for impairment losses of investments in films, drama and non-drama and trade receivables for the Year.

Investments in films, drama and non-drama

Investments in films, drama and non-drama increased from RMB42,657,000 as at 31 December 2022 to RMB85,373,000 as at 31 December 2023. It was mainly attributable to the co-productions in certain new dramas during the Year, net of provision for impairment loss of investments in films, drama and non-drama during the Year.

Films, drama and non-drama productions in progress

Films, drama and non-drama productions in progress decreased from RMB14,857,000 as at 31 December 2022 to RMB4,294,000 as at 31 December 2023. It was mainly attributable to the recognition of production costs of both “Mission Run” (“廉政狙擊”) and “Endless Battle” (“無間一戰”) as cost of sales, which resulted from the broadcast of “Mission Run” (“廉政狙擊”) on TVB and the release of “Endless Battle” (“無間一戰”) on Youku platform, net of the additional production costs of new dramas incurred during the Year.

Trade receivables

Trade receivables from third parties, net of loss allowance, significantly decreased from RMB82,273,000 as at 31 December 2022 to RMB16,550,000 as at 31 December 2023, mainly due to the receipt of payments from customers during the Year. 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 2023 are set out in Note 13 to the consolidated financial statements in this announcement.

Trade and other payables

Trade and other payables decreased from RMB52,599,000 as at 31 December 2022 to RMB39,353,000 as at 31 December 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 31 December 2023 are set out in the Note 14 to the consolidated financial statements in this announcement.

Contract liabilities

Contract liabilities increased from RMB5,230,000 as at 31 December 2022 to RMB6,827,000 as at 31 December 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 RMB4,199,000 as at 31 December 2023. It was mainly due to the settlement of the payment for certain 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 2023, the Group holds RMB306,198,000 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 HK\$, Renminbi and United States dollars (“USD”).

Pledge of assets

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

Capital structure

As at 31 December 2023, the Group's equity attributable to owners of the Company decreased by 0.8% to RMB449,214,000 (31 December 2022: RMB452,793,000). Net asset value per share attributable to owners of the Company decreased to RMB31.64 cents (31 December 2022: RMB31.90 cents). Current ratio was 7.8 (31 December 2022: 5.4). As at 31 December 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 31 December 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. Bank balances and cash held by the Group were denominated mainly 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

The Group's interest-bearing bank borrowing denominated in HK\$ increased from RMB4,467,000 as at 31 December 2022 to RMB4,557,000 as at 31 December 2023 due to the depreciation of RMB against HK\$ during the Year. The gearing ratio of the Group, calculated on the basis of interest-bearing debts over total assets, was 0.93% as at 31 December 2023 (31 December 2022: 0.84%).

Human resources

As at 31 December 2023, the Group had a total of 58 employees (excluding directors) (31 December 2022: 74 employees). The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits required by laws, the Group also provides discretionary bonuses based upon the Group's results and the individual performance of the staff. The Group maintains a good relationship with its employees. The Group adopted a share option scheme as incentive for its employees.

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.

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 “**Corporate Website**”) and the website of the Stock Exchange for listed issuers information at www.hkexnews.hk (the “**Stock Exchange’s Website**”) in April 2024.

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 C1 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 Corporate Governance Report of the Company will be included in the Company’s annual report for the Year which will be available on the Corporate Website and the Stock Exchange’s Website.

AUDIT COMMITTEE

The Audit Committee was established on 6 January 2010 with written terms of reference, which is available on the Corporate Website and the Stock 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 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 risk management and internal control systems of the Company.

The Audit Committee had reviewed the announcement of the annual results of the Company and the annual report of the Company for the Year, and confirmed that the said announcement and annual report with the applicable standard as required by 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 (the "Model Code") as set out in Appendix C3 to the Listing Rules 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 Corporate Website and the Stock Exchange's Website. The annual report of the Company for the Year will be despatched to shareholders at the appropriate time and will be available on the Corporate Website at and the Stock Exchange's Website in due course.

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

Hong Kong, 26 March 2024

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