



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

Interim Report
2023



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Miss Lok Yee Ling Virginia (Committee Chairlady)

Mr. Hui To Thomas

AUDIT COMMITTEE

Mr. Poon Kwok Hing Albert (Committee Chairman)

Mr. Pang Hong

Miss Szeto Wai Ling Virginia

REMUNERATION COMMITTEE

Miss Szeto Wai Ling Virginia (Committee Chairlady)

Mr. Pang Hong

Mr. Poon Kwok Hing Albert

NOMINATION COMMITTEE

Mr. Pang Hong (Committee Chairman)

Mr. Poon Kwok Hing Albert

Miss Szeto Wai Ling Virginia

COMPANY SECRETARY

Miss Leung Tsz Kwan

AUTHORISED REPRESENTATIVES

Miss Lok Yee Ling Virginia

Miss Leung Tsz Kwan

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F., Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

STOCK CODE

00953

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISER TO CAYMAN ISLANDS

Conyers Dill & Pearman, Cayman

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.shawbrotherspictures.com



邵氏製作
SHAW PRODUCTION



焦點藝人

FOCUSED ARTISTES



Candy Lo
羅霖



Hugo Ng
吳岱融



Timothy Cheng
鄭子誠



Lawrence Ng
吳啟華



Michael Wong
王敏德



Derek Kok
郭政鴻



Janet Ma
馬詩慧



Nicholas Yuen
阮浩棕



Hubert Wu
胡鴻鈞



Jacky Cai
蔡潔



James Ng
吳業坤



Kelvin Kwan
關楚耀



Nancy Wu
胡定欣



Jeannie Chan
陳滢



Bosco Wong
黃宗澤



Joel Chan
陳山聰



Rosina Lam
林夏薇



Stephanie Au
區明妙



Charlene Houghton
何慈茵



Sheldon Lo
羅孝勇



Oscar Leung
梁競徽



Coco Chiang
蔣怡



Kyle Lee
李爾晨



Jeffery Lai
黎學勤

B Team Company Limited



Benjamin Yuen
袁偉豪

Vincent Creative & Production Studio Limited



Vincent Wong
王浩信

TMP Tailor Made Production Limited



Kwok Chun On
郭晉安



Wong Cho Lam
王祖藍



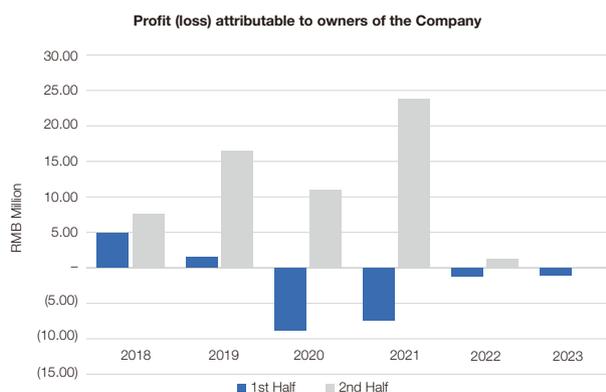
Leanne Li
李亞男



Eliza Sam
岑麗香

FINANCIAL PERFORMANCE

	Six months ended		Change
	30 June		
	2023	2022	
	RMB	RMB	
	(Unaudited)	(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)	30,052	37,558	-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)	908	8,559	-89.4%
Performance			
Loss attributable to owners of the Company ('000)	(735)	(1,149)	-36.0%
Loss per share (RMB cents) ⁽¹⁾	(0.05)	(0.08)	-37.5%



	30 June 2023	31 December 2022	Change
	RMB	RMB	
	(Unaudited)	(Audited)	
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%

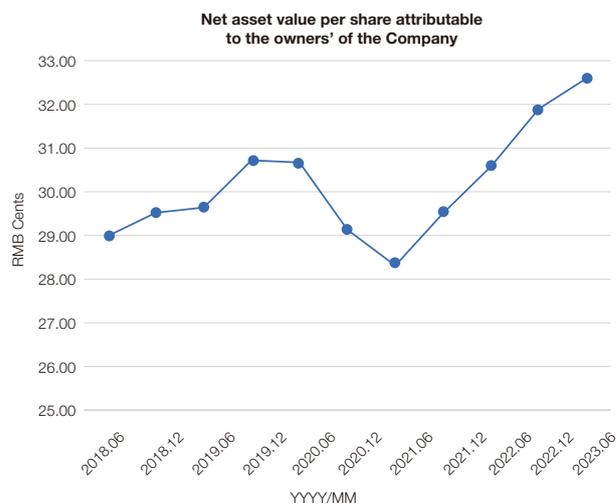
	30 June 2023	31 December 2022	Change
Number of issued shares ('000)	1,419,610	1,419,610	-

Ratios	30 June 2023	31 December 2022	Change
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⁾	30 June 2023	31 December 2022	Change
	32.60	31.90	2.2%

Notes:

- 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.
- Current ratio was calculated by dividing the total current assets by the total current liabilities as at the respective dates.
- Gearing ratio was calculated by dividing the total debt by total assets as at the respective dates.
- 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.



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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Film, drama and non-drama	10,787	25,060
Artiste and event management	19,265	12,498
	30,052	37,558

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 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 (陳瀅); 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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			
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	Change RMB'000	%
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			
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	Change RMB'000	%
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 commercial engagements for the artistes under the Group's management, as well as the participation in multiple domestic and overseas film or drama projects.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

FILMS, DRAMA AND NON-DRAMA PRODUCTIONS IN PROGRESS

Films, drama and non-drama productions 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 interim report.

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 15 to the condensed consolidated financial statements in this interim report.

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).

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and mainland China with most of its transactions settled in HK\$ and RMB. Bank deposits and cash balances held by the Group were denominated mainly 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 denominated 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 (excluding directors) (31 December 2022: 74 employees) and the related staff costs amounted to RMB10,215,000 for the Review Period (six months ended 30 June 2022: RMB9,264,000). 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, further details of which are set out in the paragraph headed "Share Option Scheme" of "Other Information" section below.

INTERIM DIVIDEND

The board (the “**Board**”) of directors (the “**Directors**”) of Shaw Brothers Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) did not recommend the payment of interim dividend for the six months ended 30 June 2023 (the “**Review Period**”) (six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions of the Corporate Governance Codes as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (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.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATION

As at 30 June 2023, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code, are set out below:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Director	Nature	No. of shares held	Approximately percentage of shareholding (Note 1)
Mr. Li Ruigang	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and below under the sub-heading of “Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares and Debentures”.

Share(s) is/are the ordinary share(s) of the Company.

- The percentage was calculated based on the total number of Shares in issue as at 30 June 2023, which was 1,419,610,000.
- Mr. Li Ruigang was interested in such 425,000,000 Shares through certain corporations controlled directly or indirectly by him. Shine Investment Limited (“**Shine Investment**”), Shine Holdings Cayman Limited (“**Shine Holdings**”), CMC Shine Acquisition Limited (“**CMC Shine Acquisition**”), CMC Shine Holdings Limited (“**CMC Shine Holdings**”), CMC Inc., GLRG Holdings Limited (“**GLRG Holdings**”), Gold Pioneer Worldwide Limited (“**Gold Pioneer**”) and Brilliant Spark Holdings Limited (“**Brilliant Spark**”) were the substantial shareholders of the Company. Shine Investment was interested in such 425,000,000 Shares. Shine Investment was 85% owned by Shine Holdings which was wholly-owned by CMC Shine Acquisition. CMC Shine Acquisition was wholly-owned by CMC Shine Holdings which was wholly-owned by CMC Inc. CMC Inc. was a non wholly-owned subsidiary of Gold Pioneer. Gold Pioneer held the interest in CMC Inc. directly and also held through its wholly-owned subsidiary, GLRG Holdings. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark was deemed to be interested in such 425,000,000 Shares held by Shine Investment. Brilliant Spark was wholly-owned and controlled by Mr. Li Ruigang.

OTHER INFORMATION

Save as disclosed above, none of the Directors and chief executive of the Company or any of their spouses or children under 18 years of age, has interests or short positions in the shares, underlying shares or debentures of the Company, or any of the associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests or short positions of the persons (other than the Directors or chief executive of the Company), in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO, are set out below:

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Persons/Entities	Nature	No. of shares held	Approximately percentage of shareholding (Note 1)
Brilliant Spark	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
Gold Pioneer	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
GLRG Holdings	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
CMC Inc.	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
CMC Shine Holdings	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
CMC Shine Acquisition	Interest of controlled corporation	425,000,000 [#] (Note 2)	29.94%
Shine Holdings	Interest of controlled corporation	425,000,000 [#] (Notes 2 and 4)	29.94%
Shine Investment	Beneficial owner	425,000,000 [#] (Notes 2 and 4)	29.94%
Television Broadcasts Limited (“TVB”)	Deemed interest	425,000,000 [#] (Notes 3 and 4)	29.94%
Mr. Xie Qing Yu	Beneficial owner	88,052,000	6.20%

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and above under the sub-heading of “Directors’ and Chief Executive’s Interests or short positions in Shares, Underlying Shares and Debentures of the Company and the Associated Corporation”.

- The percentage was calculated based on the total number of Shares in issue as at 30 June 2023, which was 1,419,610,000.
- Shine Investment, Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark were the substantial shareholders of the Company. Shine Investment was interested in such 425,000,000 Shares. Shine Investment was 85% owned by Shine Holdings which was wholly-owned by CMC Shine Acquisition. CMC Shine Acquisition was wholly-owned by CMC Shine Holdings which was wholly-owned by CMC Inc. CMC Inc. was a non wholly-owned subsidiary of Gold Pioneer. Gold Pioneer held the interest in CMC Inc. directly and also held through its wholly-owned subsidiary, GLRG Holdings. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Inc., GLRG Holdings, Gold Pioneer and Brilliant Spark was deemed to be interested in such 425,000,000 Shares held by Shine Investment. Brilliant Spark was wholly-owned by Mr. Li Ruigang. Mr. Li Ruigang was interested in such 425,000,000 Shares through the above corporations controlled directly or indirectly by him (also see Note 4 below).
- TVB was deemed to be interested in such 425,000,000 Shares through its interest in Shine Investment (also see Note 4 below).
- Shine Investment, Shine Holdings and TVB were parties of the agreement (the “**Agreement**”) to hold the interest in such 425,000,000 Shares. The Agreement was the one to which section 317 of the SFO applied.

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

A new share option scheme of the Company (the “**2022 Share Option Scheme**”) has been approved by the shareholders of the Company and at the annual general meeting on 2 June 2022 and the 2022 Share Option Scheme became effective on 2 June 2022.

A summary of the 2022 Share Option Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the 2022 Share Option Scheme	To attract and retain the best available Participants and to provide additional incentive to Participants, to promote the success of the business of the Group and for such other purposes as the Board may approve from time to time
Total number of shares available for issue under the 2022 Share Option Scheme and percentage of the issued shares as at the date of this report	The total number of share available for subscription upon grant of share options under the 2022 Share Option Scheme is 141,961,000 Shares, representing approximately 10% of the Company’s total number of issued shares as at the date of this report
Maximum entitlement of each participant under the 2022 Share Option Scheme	Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue
The period within which the shares must be taken up under an option	At any time during a period as specified by the directors, however in any event the share options must be exercised within 10 years from the date of grant
The minimum period for which an option must be held before it can be exercised	Any period as determined by the directors
The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK\$1 is to be paid as consideration for the grant of option within 28 days from the date of offer

OTHER INFORMATION

The basis of determining the exercise price	<p>The Exercise Price in respect of each Share issued pursuant to the exercise of Options granted under the 2022 Share Option Scheme shall be a price determined by the Board and notified to a Participant and shall be at least the highest of:</p> <ul style="list-style-type: none">(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted, which date must be a Business Day;(b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date on which an Option is granted; and(c) the nominal or par value of a Share
Participants of the 2022 Share Option Scheme	<p>Any executive or non-executive directors (other than the independent non-executive directors) of the Group (or any persons proposed to be appointed as such) or any employees of the Group, any consultant, advisor, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, as absolutely determined by the Board</p>
The remaining life of the 2022 Share Option Scheme	<p>The 2022 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 2 June 2022</p>

During the period ended 30 June 2023, no share option of the Company has been granted under the 2022 Share Option Scheme. During the Review Period, no option has been granted, exercised, cancelled nor lapsed.

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.

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 and the website of the Stock Exchange for listed issuers information at www.hkexnews.hk 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 this interim report for the Review Period.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE BOARD OF DIRECTORS OF SHAW BROTHERS HOLDINGS LIMITED

邵氏兄弟控股有限公司

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Shaw Brothers Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 16 to 34, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

22 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3	30,052	37,558
Cost of sales		(8,114)	(18,185)
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	(397)	(298)
Loss before tax		(834)	(2,598)
Income tax expenses	6	(278)	(59)
Loss for the period	7	(1,112)	(2,657)
Loss for the period attributable to:			
– Owners of the Company		(735)	(1,149)
– Non-controlling interests		(377)	(1,508)
Loss for the period		(1,112)	(2,657)
Loss per share			
– Basic and diluted (RMB cents)	8	(0.05)	(0.08)

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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss for the period	(1,112)	(2,657)
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	(1,443)	–
	11,332	16,709
Total comprehensive income for the period	10,220	14,052
Total comprehensive income (expenses) for the period attributable to		
– Owners of the Company	9,942	14,556
– Non-controlling interests	278	(504)
	10,220	14,052

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Plant and equipment	10	1,579	1,816
Equity instruments at fair value through other comprehensive income	11	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	12	81,554	42,657
Films, drama and non-drama productions in progress	12	17,928	14,857
Trade and other receivables	13	52,204	109,098
Amounts due from related parties	16	19,124	907
Bank balances and cash	14	315,686	322,828
		486,496	490,347
Current liabilities			
Trade and other payables	15	53,587	52,599
Contract liabilities	15	7,045	5,230
Income tax payables		1,015	3,875
Lease liabilities		3,083	1,349
Amounts due to related parties	16	8,187	23,614
Bank borrowing	17	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
Capital and reserves			
Share capital		12,322	12,322
Reserves		450,403	440,471
Equity attributable to owners of the Company		462,725	452,793
Non-controlling interests		(14,473)	(14,761)
Total equity		448,252	438,032

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to the owners of the Company								Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Financial assets at fair value through other comprehensive income reserve RMB'000	Translation reserve RMB'000	Other reserves RMB'000 (Note a)	Accumulated losses RMB'000	Total RMB'000	Non- controlling interests RMB'000	
At 1 January 2023 (Audited)	12,322	750,821	743	(2,565)	141,559	(450,087)	452,793	(14,761)	438,032
Loss for the period	-	-	-	-	-	(735)	(735)	(377)	(1,112)
Other comprehensive income (expense) for the period:									
Exchange difference arising on translation of financial statements from functional currency to presentation currency	-	-	-	12,120	-	-	12,120	655	12,775
Fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	(1,443)	-	-	-	(1,443)	-	(1,443)
Total comprehensive income (expenses) for the period	-	-	(1,443)	12,120	-	(735)	9,942	278	10,220
Changes in ownership interest in a subsidiary	-	-	-	-	(10)	-	(10)	10	-
At 30 June 2023 (Unaudited)	12,322	750,821	(700)	9,555	141,549	(450,822)	462,725	(14,473)	448,252
At 1 January 2022 (Audited)	12,322	750,821	(678)	(34,777)	141,080	(449,785)	418,983	(8,561)	410,422
Loss for the period	-	-	-	-	-	(1,149)	(1,149)	(1,508)	(2,657)
Other comprehensive income for the period:									
Exchange difference arising on translation of financial statements from functional currency to presentation currency	-	-	-	15,705	-	-	15,705	1,004	16,709
Total comprehensive income (expenses) for the period	-	-	-	15,705	-	(1,149)	14,556	(504)	14,052
Changes in ownership interest in a subsidiary (Note b)	-	-	58	5	479	-	542	(542)	-
At 30 June 2022 (Unaudited)	12,322	750,821	(620)	(19,067)	141,559	(450,934)	434,081	(9,607)	424,474

Notes:

(a) Other reserves

The other reserves comprise the reserves arising from changes in ownership of a subsidiary without losing control upon the transfer of interests and the reserves arising from corporate reorganisation.

(b) Change in ownership interest in a subsidiary

On 1 March 2022, an indirect non-wholly owned subsidiary, Tailor Made Production Limited (“**Tailor Made**”) issued and allotted 119 shares to an individual third party and 31 shares to its immediate holding company at the consideration of HK\$119 and HK\$31 respectively. After the allotment, the ownership interest of the Group in Tailor Made decreased from 47.1% to 43.1%. The allotment has no impact on the control of the subsidiary as the Group continues to control the board of directors of the subsidiary. Accordingly, the allotment was accounted for as equity transaction and the carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received is recognised directly in equity and attributed to owners of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(20,339)	(11,053)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(70)	(57)
Interest received	3,651	1,076
Capital injection in an associate	–	(100)
NET CASH GENERATED FROM INVESTING ACTIVITIES	3,581	919
FINANCING ACTIVITIES		
Repayments of principal element of lease liabilities	(760)	(578)
Interests paid	(397)	(298)
New bank borrowing raised	–	4,276
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(1,157)	3,400
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,915)	(6,734)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	322,828	312,059
Effect of foreign exchange rate changes	10,773	12,285
CASH AND CASH EQUIVALENTS AT 30 JUNE	315,686	317,610

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Shaw Brothers Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands, under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 June 2009 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 1 February 2010. The substantial shareholder of the Company is Mr. Li Ruigang. 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 Company and its subsidiaries (collectively referred to as 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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
	30,052	37,558

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, 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	
	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	10,787	25,060	19,265	12,498	30,052	37,558
Segment (loss) profit	(4,494)	7,457	5,402	1,102	908	8,559
Unallocated income					4,589	1,609
Unallocated expenses					(6,331)	(12,766)
Loss before tax					(834)	(2,598)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

4. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUES, RESULTS, ASSETS AND LIABILITIES *(continued)*

Segment revenues and results *(continued)*

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.

Segment assets and liabilities

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
SEGMENT ASSETS		
Films, drama and non-drama	129,513	142,729
Artiste and event management	39,025	22,234
<hr/>		
Total segment assets	168,538	164,963
Unallocated assets	362,096	368,160
<hr/>		
	530,634	533,123
<hr/>		
SEGMENT LIABILITIES		
Films, drama and non-drama	30,239	50,136
Artiste and event management	31,633	37,997
<hr/>		
Total segment liabilities	61,872	88,133
Unallocated liabilities	20,510	6,958
<hr/>		
	82,382	95,091
<hr/>		

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, bank balances and cash and certain other receivables, prepayments and amounts due from related parties as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than lease liabilities as these liabilities and certain accruals and other payables are managed on a group basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. FINANCE COSTS

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

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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	–	–
	911	792
Staff costs:		
Salaries and allowances	9,272	8,438
Contributions to retirement benefits scheme	943	826
	10,215	9,264
Total staff costs (including directors' emoluments)	11,126	10,056
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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)	(735)	(1,149)
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	1,419,610	1,419,610

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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	32,233	32,629

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 ("FVTOCI") as they believe that they are not held for trading and are held for long-term investment purpose. Details of the fair value measurement are set out in Note 19.

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	(35,424)	(26,437)
	81,554	42,657

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.

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

13. TRADE AND OTHER RECEIVABLES *(continued)*

The movement in the impairment loss of trade and other receivables is as follows:

	Impairment loss of trade receivables	Impairment loss of other receivables	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2022 (Audited)	5,163	27	5,190
Loss allowance recognised	3,974	–	3,974
Exchange realignment	179	–	179
<hr/>			
Balance as at 31 December 2022 and 1 January 2023 (Audited)	9,316	27	9,343
Loss allowance recognised	2,917	–	2,917
Exchange realignment	16	–	16
<hr/>			
Balance as at 30 June 2023 (Unaudited)	12,249	27	12,276

14. BANK BALANCES AND CASH

Bank balances and bank deposits carried interest at market rates which ranged from 0.001% to 5.25% (31 December 2022: 0.001% to 5.25%) per annum.

Included in the cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies of relevant group entities:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
RMB	6,345	104,316
USD	3,441	3,074

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

15. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

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

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	6,926	13,264
Total	28,479	28,917

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.

As at 30 June 2023, contract liabilities increased mainly due to the receipt in advance from the artiste and event management. In general, the Group receives certain percentage of the contract sum in stages depends on the negotiation with individual customers. These deposits are recognised as contract liabilities until the products or services are transferred or rendered.

Revenue recognised during the six months ended 30 June 2023 that was included in the contract liabilities at the beginning of the year was approximately RMB1,451,000 (six months ended 30 June 2022: RMB1,238,000). There was no revenue recognised in the current six months that related to performance obligations that were satisfied in a prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

16. BALANCES WITH RELATED PARTIES

A) AMOUNTS DUE FROM RELATED PARTIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due from:		
– 廣東采星坊演藝諮詢服務有限公司 (Notes iv and v)	1,522	907
– Television Broadcasts Limited (“TVB”) (Notes i and iv)	7,327	–
– MyTV Super Limited (Notes iv and v)	1,033	–
– 上海翡翠東方傳播有限公司 (Notes iv and v)	4,387	–
– 上海翡翠東方網絡信息技術有限公司 (Notes iv and v)	2,600	–
– 廣州埋堆堆科技有限公司 (Notes iv and v)	108	–
– 廣州齊齊整整傳媒有限公司 (Notes iv and v)	1,987	–
– 77 Atelier Limited (Notes iv and v)	66	–
– Ms. Li Yanan Leanne (Notes iii and iv)	94	–
	19,124	907

B) AMOUNTS DUE TO RELATED PARTIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due to:		
– TVB (Notes i and iv)	3,014	2,615
– Good Servant Production Limited (Notes ii and iv)	52	–
– Mr. Wong Cho Lam (Notes ii and iv)	5,121	14,779
– Ms. Li Yanan Leanne (Notes iii and iv)	–	6,220
	8,187	23,614

Notes:

- (i) As at 30 June 2023, TVB held equity interest in the Company, and Mr. Li Ruigang, the chairman, director and substantial shareholder of the Company also held interest and directorship in TVB.
- (ii) As at 30 June 2023, Mr. Wong Cho Lam, who is a director and a non-controlling shareholder of Tailor Made, held 100% (As at 31 December 2022:100%) equity interests of Good Servant Production Limited.
- (iii) Ms. Li Yanan Leanne, who is the spouse of Mr. Wong Cho Lam, is deemed to be interested in Tailor Made in which Mr. Wong Cho Lam is interested.
- (iv) The amounts are unsecured, interest-free and repayable on demand.
- (v) These companies are subsidiaries of TVB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

17. BANK BORROWING

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Bank borrowing contains a repayable on demand clause:		
Unsecured	4,610	4,467

The bank borrowing carried floating rate at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.8% per annum as at 30 June 2023 and 31 December 2022.

As at 30 June 2023 and 31 December 2022, banking facilities were secured by the unlimited personal guarantee provided by a director and a non-controlling shareholder of Tailor Made.

18. RELATED PARTIES TRANSACTIONS

Save as disclosed in elsewhere of the condensed consolidated financial statements, the Group also had the following transactions with its related parties in trade nature and under normal commercial terms during the interim period:

(A) TRANSACTIONS

Name of related parties	Notes	Nature of transaction	Six months ended 30 June	
			2023	2022
			RMB'000 (Unaudited)	RMB'000 (Unaudited)
TVB Group	i, ii	Films, drama and non-drama production income	8,226	11,552
		Artiste management service income	1,909	1,746
		Service income	9	66
		License income	2,329	2,409
		Management fee income	626	–
		Project income	163	–
		Rental expenses under short-term leases	(211)	(183)
		Consultancy fee	(112)	(112)
		Talent fee	–	(653)
		Promotion fee	–	(2)
		Service fee	(608)	(34)
		Mr. Wong Cho Lam	iii	Artiste management service income*
Ms. Li Yanan Leanne	iv	Artiste management service income*	2	–

* These are regarded as continuing connected transactions as defined under the Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

18. RELATED PARTIES TRANSACTIONS (continued)

(A) TRANSACTIONS (continued)

Notes:

- (i) TVB held equity interest in the Company, and Mr. Li Ruigang, the chairman, director and substantial shareholder of the Company also held interest and directorship in TVB.
- (ii) The income was received from (fees paid to) TVB and its subsidiaries (“**TVB Group**”), including TVB, TVB Publications Limited, MyTV Super Limited, 77 Atelier Limited, 廣州齊齊整整傳媒有限公司, 廣州埋堆堆科技有限公司, 上海翡翠東方傳播有限公司, 上海翡翠東方網絡信息技術有限公司 and 廣東采星坊演藝諮詢服務有限公司 during the period.
- (iii) Mr. Wong Cho Lam, who is a director and a non-controlling shareholder of Tailor Made and indirectly holding 22.5% (30 June 2022: 22.5%) of the issued shares of Tailor Made.
- (iv) Ms. Li Yanan Leanne, who is the spouse of Mr. Wong Cho Lam, is deemed to be interested in Tailor Made in which Mr. Wong Cho Lam is interested.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the six months were as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,707	1,904
Post-employment benefits	32	36
	2,739	1,940

(C) OTHERS

During the six months ended 30 June 2023, the Group made an investment in dramas with TVB of RMB46,100,000 (30 June 2022: nil) for the co-production of new dramas.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(A) FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Sensitivity
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)				
Private equity investments at FVTOCI	32,233	32,629	Level 3	Income approach – under this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	<ol style="list-style-type: none"> Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries at 2.5% (31 December 2022: 2.5%). Discount rate, taking into account of weighted average cost of capital (WACC) determined using a Capital Asset Pricing Model at 21.12% (31 December 2022: 21.56%). Discount for lack of marketability at 20.6% (31 December 2022: 20.6%). 	<ol style="list-style-type: none"> The higher the long term growth rate, the higher the fair value, vice versa. The higher the discount rate, the lower the fair value, vice versa. The higher the discount rate, the lower the fair value, vice versa.

(B) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

	Private equity investments at FVTOCI RMB'000
At 1 January 2022 (Audited)	28,616
Fair value gain	1,363
Exchange realignment	2,650
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At 31 December 2022 and 1 January 2023 (Audited)	32,629
Fair value loss	(1,443)
Exchange realignment	1,047
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At 30 June 2023 (Unaudited)	32,233