

# 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  
2020





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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 Chairman)

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 Chairman)

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 Chan Yin Yi Annie

## AUTHORISED REPRESENTATIVES

Miss Lok Yee Ling Virginia

Miss Chan Yin Yi Annie

## 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 OFFICE

SMP Partners (Cayman) Limited  
Royal Bank House, 3rd Floor  
24 Shedden Road, P.O. Box 1586  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
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

## WEBSITE

[www.shawbrotherspictures.com](http://www.shawbrotherspictures.com)

## BUSINESS REVIEW

The Group's interim revenue decreased from Renminbi ("RMB") 36,367,000 to RMB24,096,000 in 2020, representing a decrease of 34%. The following table sets out the revenue of the Group for the period as well as for 2019.

	Six months ended 30 June	
	2020 RMB'000	2019 RMB'000
Films, drama and non-drama	12,449	15,215
Artiste and event management	11,368	18,158
Others	279	2,994
	<b>24,096</b>	36,367

## FILM, DRAMA AND NON-DRAMA PRODUCTIONS

The second cop thriller sequel titled "Flying Tiger 2" 《飛虎之雷霆極戰》 headlined by Michael Miu (苗僑偉), Bosco Wong (黃宗澤), Kenneth Ma (馬國明) and Ron Ng (吳卓羲) was telecasted on TVB platform during the period. This drama attracted strong viewing rating on Jade.

Due to the outbreak of COVID-19, "Leap" 《奪冠》 in which the Group invested during the period was postponed with original release schedule during the Chinese New Year both in Hong Kong and mainland China. Last year, a musical comedy movie adapted from the popular Off-Broadway show "I Love You, You're Perfect, Now Change!" 《你咪理·我愛你!》 was released in 2019 Chinese New Year.

TV online drama "Impossible Three" 《非凡三俠》 played by Bosco Wong (黃宗澤), Julian Cheung Chi-lam (張智霖) and Chrissie Chau (周秀娜) will be released on Youku platform in the second half of 2020. Riding on the success of the "Flying Tiger" drama series, the Group commenced the shooting of the third "Flying Tiger" sequel titled "Flying Tiger 3" 《飛虎之壯志英雄》 led by Bosco Wong (黃宗澤), Michael Miu (苗僑偉), Ron Ng (吳卓羲), Eddie Cheung (張兆輝), Joe Ma (馬德鐘) and Roger Kwok (郭晉安) in July 2020.

## ARTISTE AND EVENT MANAGEMENT

Revenue from the artiste and event management business decreased due to the decline in external commercial engagements during the period. The Group now manages around 80 artistes (2019: 80 artistes).

## OUTLOOK AND PROSPECT

The recent outbreak of COVID-19 has dented the sentiment in Hong Kong and mainland China's entertainment industry as a whole, and introduced certain challenges to our businesses. The release of the movie "Leap" is deferred and the shooting of "Flying Tiger 3" is delayed to July 2020. During the period, the Group has discussed with major online platforms for the production of online drama. With one of the largest artiste representations in the market, the Group is well-positioned to enhance its productions as well as to explore additional revenue opportunities.

## FINANCIAL REVIEW

During the period, the revenue of the Group decreased from RMB36,367,000 to RMB24,096,000, representing a decrease of 34%. Loss attributable to the owners of the Company amounted to RMB8,749,000 (six months ended 30 June 2019: profit RMB1,450,000). The negative result was mainly due to the decreased contribution from films and drama, and artiste and event management businesses during the period. The outbreak of COVID-19 since early 2020 has dented the sentiment in Hong Kong and mainland China's entertainment industry as a whole. As a result, there has been deferral in the release and development of certain films and drama projects and decline in external commercial engagements in artiste and event management businesses during the period. For the period, loss per share amounted to RMB0.62 cents (six months ended 30 June 2019: earnings per share RMB0.10 cents).

## MANAGEMENT DISCUSSION AND ANALYSIS

Prior to 1 January 2020, RMB was regarded as the functional currency of the Company and certain subsidiaries. Following the current development of the Group's investments in films, drama and non-drama and production in progress and artiste and event management business, the directors of the Company have evaluated the primary economic environment in which the Company operates and determined that the functional currency of the Company changed to Hong Kong Dollars ("HK\$"). The effects of the change of the functional currency of the Company had been accounted for prospectively from 1 January 2020.

Revenue from films, drama and non-drama decreased from RMB15,215,000 to RMB12,449,000 due to the recognition of one major TV drama without release of films during the period. Artiste and event management service income decreased from RMB18,158,000 to RMB11,368,000 due to the decline in external commercial engagements during the period.

Cost of sales decreased by 36% to RMB12,501,000 (six months ended 30 June 2019: RMB19,484,000) due to lesser business activities.

Other income for the period amounting to RMB2,744,000 (six months ended 30 June 2019: RMB3,556,000) mainly represented the bank interest income.

Selling and distribution expenses decreased by 15% from RMB3,041,000 to RMB2,586,000, primarily as a result of lesser business activities.

Administrative expenses increased by 25% from RMB14,811,000 to RMB18,531,000, primarily due to an exchange loss.

Other operating expenses for the period amounting to RMB2,844,000 (six months ended 30 June 2019: nil) represented provision of impairment loss on trade receivables.

The income tax expense for the period decreased from RMB856,000 to RMB142,000 due to lesser profit. Details of income tax are set out in Note 7 to the condensed consolidated financial statements in this report.

Trade receivables from third parties, net of loss allowance, decreased from RMB146,769,000 as at 31 December 2019 to RMB89,800,000 as at 30 June 2020 due to the receipt of the box office income from the movie distributors during the period.

Investment in films, drama and non-drama increased from RMB71,340,000 as at 31 December 2019 to RMB108,357,000 as at 30 June 2020 due to certain new movie investments.

Trade and other payables decreased from RMB75,808,000 as at 31 December 2019 to RMB46,630,000 as at 30 June 2020 due to distribution of share of box office movie income attributable to the other investors according to their percentages of investment during the period.

Contract liabilities increased from RMB29,522,000 as at 31 December 2019 to RMB79,440,000 as at 30 June 2020 due to the receipt in advance from a co-production drama.

Amounts due to related parties increased from RMB26,900,000 as at 31 December 2019 to RMB53,966,000 as at 30 June 2020 due to additional payables related to artistes and event service income, net of commission income receivable by the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resources and bank borrowings. Bank balances and cash and short-term bank deposits increased from RMB328,836,000 as at 31 December 2019 to RMB381,106,000 as at 30 June 2020. As at 30 June 2020, the Group's bank and cash balances were denominated in HK\$, RMB and United States Dollars ("USD").

## PLEDGE OF ASSETS

As at 30 June 2020, the Group did not have any pledge of assets (31 December 2019: nil).

## CAPITAL STRUCTURE

As at 30 June 2020, the Group's equity attributable to owners of the Company decreased by 0.17% to RMB435,386,000 (31 December 2019: RMB436,116,000). Net assets value per share attributable to the owners of the Company as at 30 June 2020 was RMB30.67 cents (31 December 2019: RMB30.72 cents). Current ratio was 3.0 as at 30 June 2020 (31 December 2019: 3.6).

As at 30 June 2020 and 31 December 2019, the number of total issued shares of the Company was 1,419,610,000.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, the Group did not have capital commitments and contingent liabilities.

## FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong and mainland China with most of its transactions settled in HK\$ and RMB. Part of the Group's cash and bank deposits is denominated in HK\$, RMB and USD.

During the 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 BORROWINGS AND GEARING RATIO

As at 30 June 2020, the Group interest-bearing bank borrowings due within one year amounted to RMB13,701,000 (31 December 2019: RMB13,424,000). The gearing ratio of the Group as at 30 June 2020 was 2.15% (31 December 2019: 2.25%), which was derived by dividing interest-bearing debts by total assets.

## HUMAN RESOURCES

As at 30 June 2020, the Group had a total of 62 employees (31 December 2019: 62 employees).

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the period ended 30 June 2020 (six months ended 30 June 2019: Nil).

### CORPORATE GOVERNANCE

The Company was in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the 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 code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period.

### CHANGES IN INFORMATION OF DIRECTORS

Subsequent to the publication of the biographical details of the Directors in the latest published 2019 Annual Report of the Company and up to the date of this interim report, the following changes in Director's information took place which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

On 29 April 2020, Mr. Li Ruigang ceased to be vice chairman but remains as non-executive director of Television Broadcasts Limited ("TVB"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 29 April 2020, Mr. Hui To Thomas was appointed as chairman and re-designated as non-executive director of TVB, a company listed on the Main Board of the Stock Exchange.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

As at 30 June 2020, the interests and short positions of the Directors and 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
Mr. Li Ruigang	Interest of controlled corporation	425,000,000 <sup>#</sup>	29.94%

(Note 1)

(Note 2)

Notes:

Duplication of shareholdings occurred between parties<sup>#</sup> shown in the table here and below under the sub-heading of "Other Persons' Interests in Shares and Underlying Shares of the Company".

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 2020, which was 1,419,610,000 Shares.
- 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 100% 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.

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, had interests or short positions in the shares, underlying shares and 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.

## OTHER INFORMATION

### OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, 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 POSITIONS IN THE SHARES OF THE COMPANY

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

Notes:

Duplication of shareholdings occurred between parties<sup>#</sup> shown in the table here and above under the sub-heading of "Directors' and Chief Executive's Interests 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 2020, which was 1,419,610,000 Shares.
- 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 100% 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 2020, 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 and 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

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (hereinafter in this paragraph, the “Scheme”) on 6 January 2010 (the “Adoption Date”) whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on the listing date of 1 February 2010 (the “Listing Date”) and shall be valid and effective for a period of ten years commencing on 6 January 2010.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The Subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders’ approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

During the period, no option has been granted, exercised, cancelled nor lapsed.

As disclosed in the previous interim and/or annual reports of the Company, the outstanding options granted to the grantees since the Adoption Date have been cancelled/lapsed in 2015. The Scheme expired in January 2020.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the period.

### REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the 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 the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and the interim report for the period.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

## 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 (the “Group”) set out on pages 11 to 26, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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 Main Board Listing 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*

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong

27 August 2020

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	4	<b>24,096</b>	36,367
Cost of sales		<b>(12,501)</b>	(19,484)
<hr/>			
Gross profit		<b>11,595</b>	16,883
Other income		<b>2,744</b>	3,556
Selling and distribution expenses		<b>(2,586)</b>	(3,041)
Administrative expenses		<b>(18,531)</b>	(14,811)
Other operating expenses		<b>(2,844)</b>	–
Finance costs	6	<b>(333)</b>	(460)
<hr/>			
(Loss) profit before tax		<b>(9,955)</b>	2,127
Income tax expenses	7	<b>(142)</b>	(856)
<hr/>			
(Loss) profit for the period	8	<b>(10,097)</b>	1,271
<hr/>			
(Loss) profit for the period attributable to:			
– Owners of the Company		<b>(8,749)</b>	1,450
– Non-controlling interests		<b>(1,348)</b>	(179)
<hr/>			
(Loss) profit for the period		<b>(10,097)</b>	1,271
<hr/>			
(Loss) earnings per share			
Basic and diluted (RMB cents)	9	<b>(0.62)</b>	0.10

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
(Loss) profit for the period	<b>(10,097)</b>	1,271
<b>Other comprehensive income for the period</b>		
<i>Items that will not to be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of financial statements from functional currency to presentation currency	<b>7,532</b>	–
Fair value gain on investments in equity instruments at fair value through other comprehensive income	–	635
Total comprehensive (expenses) income for the period	<b>(2,565)</b>	1,906
Total comprehensive (expenses) income for the period attributable to:		
– Owners of the Company	<b>(730)</b>	1,704
– Non-controlling interests	<b>(1,835)</b>	202
	<b>(2,565)</b>	1,906

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>Non-current assets</b>			
Plant and equipment	11	527	688
Equity instruments at fair value through other comprehensive income	19	–	–
Right-of-use assets		1,055	1,273
		<b>1,582</b>	1,961
<b>Current assets</b>			
Trade and other receivables	12	107,735	163,339
Amounts due from related parties	17	2,138	–
Investments in films, drama and non-drama	14	108,357	71,340
Films, drama and non-drama productions in progress	14	36,408	31,507
Bank balances and cash	15	381,106	328,836
		<b>635,744</b>	595,022
<b>Current liabilities</b>			
Trade and other payables	16	46,630	75,808
Contract liabilities	16	79,440	29,522
Income tax payables		15,401	20,372
Lease liabilities		476	456
Amounts due to related parties	17	53,966	26,900
Bank borrowings	18	13,701	13,424
		<b>209,614</b>	166,482
<b>Net current assets</b>		<b>426,130</b>	428,540
<b>Total assets less current liabilities</b>		<b>427,712</b>	430,501
<b>Non-current liabilities</b>			
Lease liabilities		584	808
<b>Net assets</b>		<b>427,128</b>	429,693
<b>Capital and reserves</b>			
Share capital		12,322	12,322
Reserves		423,064	423,794
Equity attributable to owners of the Company		435,386	436,116
Non-controlling interests		(8,258)	(6,423)
<b>Total equity</b>		<b>427,128</b>	429,693

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share Capital RMB'000	Share premium RMB'000	Financial assets measured at fair value through other comprehensive income reserve RMB'000	Exchange reserve RMB'000	Other reserves RMB'000 (Note a)	Accumulated loss RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2020	12,322	750,821	(708)	-	142,000	(468,319)	436,116	(6,423)	429,693
Loss for the period	-	-	-	-	-	(8,749)	(8,749)	(1,348)	(10,097)
Other comprehensive (expense) income 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	-	-	-	8,019	-	-	8,019	(487)	7,532
Total comprehensive (expenses) income for the period	-	-	-	8,019	-	(8,749)	(730)	(1,835)	(2,565)
At 30 June 2020 (Unaudited)	12,322	750,821	(708)	8,019	142,000	(477,068)	435,386	(8,258)	427,128
At 1 January 2019	12,322	750,821	94	-	142,000	(486,210)	419,027	(6,603)	412,424
Profit (loss) for the period	-	-	-	-	-	1,450	1,450	(179)	1,271
Other comprehensive income for the period: <i>Items that will not be reclassified subsequently to profit or loss:</i>									
Fair value gain on investments in equity instruments at fair value through other comprehensive income	-	-	254	-	-	-	254	381	635
Total comprehensive income for the period	-	-	254	-	-	1,450	1,704	202	1,906
At 30 June 2019 (Unaudited)	12,322	750,821	348	-	142,000	(484,760)	420,731	(6,401)	414,330

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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>48,247</b>	115,831
<b>INVESTING ACTIVITIES</b>		
Disposal of subsidiaries	–	5,321
Interest received	<b>1,705</b>	905
Purchase of plant and equipment	<b>(29)</b>	(68)
Other investing activities	–	(300)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>1,676</b>	5,858
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	–	4,318
Principal element of lease payment	<b>(255)</b>	(146)
Bank borrowings interest paid	<b>(307)</b>	(453)
<b>NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(562)</b>	3,719
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>49,361</b>	125,408
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>328,836</b>	135,351
Effect of foreign exchange rate changes on cash and cash equivalents	<b>2,909</b>	–
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>381,106</b>	260,759

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 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 production in progress and artiste and event management. The Company acts as an investment holding company.

Prior to 1 January 2020, Renminbi (“RMB”) was regarded as the functional currency of the Company and certain subsidiaries. Following the current development of the Group’s investments in films, drama and non-drama and productions in progress and artiste and event management business, the directors of the Company have evaluated the primary economic environment in which the Company operates and determine that the functional currency of the Company changed to Hong Kong Dollar (“HK\$”). The effects of the change of the functional currency of the Company had been accounted for prospectively from 1 January 2020.

The condensed consolidated financial statements continue to be presented in RMB in order to maintain period-to-period comparability of the financial results. Therefore, the directors consider that RMB is a preferred currency to be used in presenting the operating results and financial position of the Group.

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. SIGNIFICANT EVENTS AND TRANSACTIONS

Since early 2020, the outbreak of coronavirus pneumonia (“COVID-19”) has dented the sentiment in Hong Kong and mainland China’s entertainment industry as a whole. As a result, there has been deferral in the release and development of certain films and drama projects and decline in external commercial engagements in artiste and event management businesses during the six months ended 30 June 2020 (the “Negative Impacts”). Such Negative Impacts have resulted in a significant decrease in the Group’s revenue and operating cash flows for the six months ended 30 June 2020.

The Group has assessed the recoverability of trade receivables and recorded an allowance for expected credit loss of RMB2,844,000 for the six months ended 30 June 2020 after considering the decline in the credit environment as a result of the COVID-19 pandemic. In the current interim period, the Group performed impairment assessment on the film, drama and non-drama production and investment in films. The Group estimated the discounted future cash flows resulting from these investments in film, drama and non-drama on individual basis, based on both internal and external market information, for example, the sales or box office forecasts, the production cost of the investees, selling and distribution costs budget and the general economic condition of the relevant markets. Based on the assessment, the directors of the Company determined that no impairment as at 30 June 2020. These estimates are highly uncertain due to the COVID-19 pandemic, therefore changes in assumptions used in these assessments, may result in provision being made in the condensed consolidated financial statements. The cash flow estimates used in these reviews are consistent with management’s estimated long-term projections, against which various sensitivity analyses were performed. Actual results may materially differ from management’s estimates, especially due to the uncertainties associated with the COVID-19 pandemic.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 3. 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.

Except for described as below, 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 2019.

### ADOPTION OF NEW ACCOUNTING POLICIES

The change in functional currency of the Company and certain subsidiaries was applied prospectively from the date of change. All items were translated into HK\$ at the exchange rate on that date. The cumulative currency translation difference which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss.

### APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The application of Amendments to References to the Conceptual Framework in HKFRS and the amendments to HKFRSs in the current interim period has had no material effect 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.

## 4. REVENUE

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Films, drama and non-drama production	12,449	6,289
Investments in films, drama and non-drama	–	8,926
Artiste management services income	10,804	17,186
Event management services income	564	972
Others	279	2,994
	<b>24,096</b>	<b>36,367</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 5. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

### SEGMENT REVENUES AND RESULTS

The directors of the Company have chosen to organise the Group around different 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;
- (ii) Artiste and event management – the provision of artiste and event management services; and
- (iii) Others – trading and other activities.

The Group’s reportable segments are strategic business units that offer different products or services. They are managed separately because each business requires different technology 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		Others		Total	
	Six months ended 30 June						2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)		
Segment revenue	12,449	15,215	11,368	18,158	279	2,994	24,096	36,367
Segment profit (loss)	847	2,124	1,940	9,588	(1,634)	(2,876)	1,153	8,836
Unallocated income							2,744	3,556
Unallocated expenses							(13,852)	(10,265)
(Loss) profit before tax							(9,955)	2,127

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>RMB'000</b> <b>(Unaudited)</b>	2019 RMB'000 (Unaudited)
Interest on:		
Bank borrowings	307	453
Lease liabilities	26	7
	<b>333</b>	460

## 7. INCOME TAX EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>RMB'000</b> <b>(Unaudited)</b>	2019 RMB'000 (Unaudited)
Current tax:		
People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	142	529
Hong Kong Profits Tax	-	327
	<b>142</b>	856

- i. Pursuant to the rule and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- ii. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.
- iii. Tax exemptions represent reduction of Hong Kong Profits Tax for the year of assessment of 2019/20 by 100%, subject to a ceiling of HK\$20,000 per case.
- iv. Under the Law of the PRC on EIT (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both the six months ended 30 June 2019 and 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 8. (LOSS) PROFIT FOR THE PERIOD

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Directors' emoluments:		
Salaries and allowances	784	746
Contributions to retirement benefits scheme	8	8
	<b>792</b>	754
Staff costs:		
Salaries and allowances	8,661	8,282
Contributions to retirement benefits scheme	706	791
	<b>9,367</b>	9,073
Total staff costs	<b>10,159</b>	9,827
Impairment loss on trade and other receivables	2,844	–
Depreciation of plant and equipment	201	318
Depreciation of right-of-use assets	242	113
Interest income	(1,705)	(905)
Net fair value gain on financial asset at FVTPL	–	(77)
Exchange loss (gain), net	3,503	(2,094)

### 9. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss) earnings</b>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<b>(8,749)</b>	1,450
	<b>2020</b>	2019
	<b>'000</b>	'000
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<b>1,419,610</b>	1,419,610

The diluted (loss) earnings per share is equal to the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

## 11. MOVEMENT IN PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group paid approximately RMB29,000 on addition of property, plant and equipment (six months ended 30 June 2019: RMB68,000).

## 12. TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade receivables	<b>101,265</b>	155,352
Less: allowance for impairment of trade receivables	<b>(11,465)</b>	(8,583)
	<b>89,800</b>	146,769
Other receivables and deposits	<b>855</b>	3,482
Prepayments	<b>17,080</b>	13,088
Trade and other receivables	<b>107,735</b>	163,339

As at 30 June 2020, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB101,265,000 (31 December 2019: RMB155,352,000).

The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of films or services. 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:

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within 90 days	<b>33,801</b>	137,726
91 to 180 days	<b>412</b>	7,442
Over 181 days	<b>55,587</b>	1,601
Total	<b>89,800</b>	146,769

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

### 13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

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

	<b>Impairment loss of trade receivables</b> RMB'000	<b>Impairment loss of other receivables</b> RMB'000	<b>Total</b> RMB'000
Balance as at 1 January 2019	3,231	27	3,258
Loss allowance recognised	5,352	–	5,352
Balance as at 31 December 2019	8,583	27	8,610
Loss allowance recognised	2,844	–	2,844
Exchange difference	38	–	38
Balance as at 30 June 2020	11,465	27	11,492

### 14. INVESTMENTS IN FILMS, DRAMA AND NON-DRAMA/FILMS, DRAMA AND NON-DRAMA PRODUCTIONS IN PROGRESS

	<b>30 June 2020</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Investments in films, drama and non-drama	<b>108,357</b>	71,340

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 film, drama and non-drama projects.

	<b>30 June 2020</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Films, drama and non-drama productions in progress	<b>36,408</b>	31,507

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 2020

## 15. BANK BALANCES AND CASH

Bank balances and bank deposits carried interest at market rates which ranged from 0.001% to 2.700% per annum. As at 30 June 2020, approximately RMB134,523,000 of the bank deposits and bank balances and cash of the Group were denominated in RMB and approximately RMB6,207,000 of the bank deposits and bank balances and cash of the Group were denominated in USD and RMB11,000 of the bank deposits and bank balances and cash of the Group were denominated in HK\$ which are the currencies other than the functional currency for certain subsidiaries.

## 16. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Trade payables	<b>43,058</b>	69,118
Other payables	<b>573</b>	1,845
Accrued payroll and accruals	<b>2,999</b>	4,845
	<b>3,572</b>	6,690
Trade and other payables	<b>46,630</b>	75,808
Contract liabilities	<b>79,440</b>	29,522

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within 90 days	<b>11,704</b>	58,045
91 to 180 days	<b>3,260</b>	11,073
Over 181 days	<b>28,094</b>	–
Total	<b>43,058</b>	69,118

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

As at 30 June 2020, contract liabilities increased mainly due to the increase in production progress for films, drama and non-drama. 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 are given to the customers.

Revenue recognised during the six months ended 30 June 2020 that was included in the contract liabilities as at 31 December 2019 is approximately RMB3,193,000.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 17. AMOUNTS DUE FROM (TO) RELATED PARTIES

### A) AMOUNTS DUE FROM RELATED PARTIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)	Maximum amount outstanding during	
			30 June 2020 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Audited)
Amounts due from:				
– MyTV Super Limited ("MyTV Super") (Note i)	1,425	–	1,425	–
– Television Broadcasts Limited ("TVB")	154	–	154	–
– Good Servant Production Limited ("Good Servant Production")	559	–	559	–
	<b>2,138</b>	–	<b>2,138</b>	–

### B) AMOUNTS DUE TO RELATED PARTIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due to:		
– TVB (Note ii and v)	8,424	11,746
– Good Servant Production (Note iii and v)	1,020	892
– Mr. Wong Cho Lam (Note iii and v)	42,154	14,030
– Ms. Li Yanan Leanne (Note iv and v)	2,368	232
	<b>53,966</b>	26,900

Notes:

- MyTV Super is the subsidiary of TVB which held equity interest in the Company. As at 30 June 2020, the amount due from a related party of approximately RMB1,425,000 (2019: nil) is trade nature with credit term of 60 days from the date of invoices and aged within 60 days based on the invoice date at the end of the reporting period. The amount was settled subsequent to the end of the reporting period.
- TVB held equity interest in the Company, and Mr. Li Ruigang, the substantial shareholder and director of the Company also held beneficial interests and directorship in this company.
- Mr. Wong Cho Lam, who is a director and a non-controlling shareholder of Tailor Made Production Limited ("Tailor Made Production"), hold 100% equity interests of Good Servant Production.
- Ms. Li Yanan Leanne, who is the spouse of Mr. Wong Cho Lam is deemed to be interest in Tailor Made Production in which Mr. Wong Cho Lam is interested.
- The amounts are unsecured, interest-free and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 18. BANK BORROWINGS

The bank borrowing carried floating rate at Hong Kong Interbank Offered Rate plus 2.8% per annum as at 30 June 2020 and 31 December 2019.

As at 30 June 2020 and 31 December 2019, bank borrowings and banking facilities were secured by the personal guarantee of HK\$30,000,000 (approximately RMB26,848,000) provided by a director and a non-controlling shareholder of Tailor Made Production.

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

The Group's equity instruments at fair value through other comprehensive income are measured at fair value on a recurring basis. Their fair values are determined using income approach and categorised under the level 3 fair value hierarchy. The estimation techniques and significant unobservable inputs used as at 30 June 2020 are the same as those as at 31 December 2019. There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2020 and 2019. There is no movement in the fair value of the equity instruments during the six months ended 30 June 2020 and 2019.

## 20. RELATED PARTIES TRANSACTIONS

Saved as disclosed in elsewhere of these 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 company	Notes	Nature of transaction	Six months ended 30 June	
			2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Related companies:				
TVB	i	Drama production income	10,585	–
	i	Talent fee	(137)	(1,387)
	i	Script fee	–	(863)
TVB Publications Limited ("TVB Publications")	ii	Service fee	(183)	–
MyTV Super	iii	Drama production income	1,425	–
Mr. Wong Cho Lam	iv	Artiste management service income*	4,364	4,022
Ms. Li Yanan Leanne	v	Artiste management service income*	746	1,278

\* These are regarded as continuing connected transactions as defined under Main Board Listing Rules.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

## 20. RELATED PARTIES TRANSACTIONS *(continued)*

### (A) TRANSACTIONS *(continued)*

Notes:

- (i) TVB had 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) TVB Publications is a subsidiary of TVB.
- (iii) MyTV Super is a subsidiary of TVB.
- (iv) Mr. Wong Cho Lam is a director and a non-controlling shareholder of Tailor Made Production and indirectly holding 22.5% of the issued shares of Tailor Made Production.
- (v) Ms. Li Yanan Leanne, who is the spouse of Mr. Wong Cho Lam is deemed to be interest in Tailor Made Production 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 year were as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,406	2,608
Post-employment benefits	41	39
	<b>2,447</b>	2,647

### (C) BANKING FACILITIES

The director and a non-controlling interest shareholder of Tailor Made Production have provided the personal guarantee of HK\$30,000,000 (approximately RMB26,848,000) for the grant of banking facilities as disclosed in Note 18.