



SHAW BROTHERS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00080)

INTERIM REPORT 2008/2009

The Directors of Shaw Brothers (Hong Kong) Limited (the “Company”) are pleased to present the Group’s Interim Report and condensed consolidated financial information for the six months ended 30th September 2008. The Group’s Interim Report and financial information have been reviewed by the Audit Committee of the Board of Directors who have in their review accepted the unaudited published consolidated financial information of Television Broadcasts Limited for the six months ended 30th June 2008 which have been included in the Group’s financial information. The consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2008, and the consolidated balance sheet of the Group as at 30th September 2008, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 5 to 12 of this report.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.05 (2007: HK\$0.05) per ordinary share for the six months ended 30th September 2008, to shareholders whose names appear on the Register of Members of the Company on 22nd January 2009, and will absorb HK\$19,919,520. A total of 398,390,400 ordinary shares of HK\$0.25 each were in issue as of 30th September 2008.

CLOSURE OF BOOKS

The Register of Members of the Company will be closed from Saturday, 10th January 2009 to Thursday, 22nd January 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfers must be lodged with the Company’s Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 9th January 2009. Dividend warrants will be dispatched to shareholders on or around 22nd January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Redevelopment Of Clearwater Bay Site

A joint proposal by Coastline International Limited and us, to deal with the arrangement of right of way, is being submitted to the Lands Department. On receipt of approval, we can proceed to the next stage of negotiating the basic terms and conditions of Land Exchange.

Associated Companies

The contribution after taxation from Television Broadcasts Limited to Group profits for the period increased by 1%. Though the associate achieved an 8% increase in turnover, its cost of sales and overhead expenses increased by 14%, reflecting the higher costs of programming contents for the new digital channels and the general inflationary environment. The effect of the rising costs was compensated by a reduction of 55% in the share of the losses of TVB Pay Vision Holdings Limited, an associate of Television Broadcasts Limited.

Internal fitting-out works are expected to be completed at Shaw Studios by first quarter of 2009 and the facilities will be launched for operations thereafter.

Financial And Capital Structure

The Group had no significant external borrowing and consequently none of the Group’s assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the period.

Capital Commitments

As at 30th September 2008, capital commitments of the Group amounted to HK\$49.8 Million (31st March 2008: HK\$69.9 Million), which would be funded by internal resources.

Contingent Liabilities

As at 30th September 2008, the Group and the Company did not have any significant contingent liabilities.

Exposure To Fluctuations In Exchange Rates

As the majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong Dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

Employees And Remuneration Policies

As at 30th September 2008, the Group employed a total of 140 full time employees, all in Hong Kong. During the period under review, there was no significant change in the Group's remuneration policies.

DIRECTORS' INTERESTS IN SHARES

As at 30th September 2008, the beneficial interests of the directors and chief executive in the ordinary shares of the Company as recorded in the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

	No. of ordinary shares of HK\$0.25 each				Percentage of issued capital (%)
	Personal interests	Family interests	Corporate interests	Total	
Sir Run Run Shaw	–	1,378,000 ¹	297,106,872 ²	298,484,872	74.92%
Mona Fong	1,378,000 ¹	–	–	1,378,000	0.35%
Dr. Chow Yei Ching	100,000	–	–	100,000	0.02%

Note: Duplication of shareholdings occurred between parties ⁽¹⁾ shown above and between parties ⁽²⁾ shown above and below under "Substantial Shareholders".

² 263,610,872 shares were held by Shaw Holdings Inc., 11,761,000 shares and 21,735,000 shares were held by its wholly owned subsidiaries, Double One Limited and The Shaw Foundation Hong Kong Limited respectively, in which companies Sir Run Run Shaw exerts 100% control through The Sir Run Run Shaw Charitable Trust.

As at 30th September 2008, the beneficial interests of the directors and chief executive in the ordinary shares of the associated corporations (within the meaning of the SFO) of the Company as recorded in the register maintained under Section 352 of the SFO were as follows:

	No. of ordinary shares of HK\$0.05 each in Television Broadcasts Limited				Percentage of issued capital (%)
	Personal interests	Family interests	Corporate interests	Total	
Sir Run Run Shaw	–	1,146,000 ¹	141,174,828 ²	142,320,828	32.49%
Mona Fong	1,146,000 ¹	–	–	1,146,000	0.26%
Dr. Chow Yei Ching	100,000	–	–	100,000	0.02%

Note: Duplication of shareholdings occurred between parties ⁽¹⁾ shown above.

² 113,888,628 shares were held by Shaw Brothers (Hong Kong) Limited and 27,286,200 shares were held by The Shaw Foundation Hong Kong Limited, in which companies Shaw Holdings Inc. holds 74.58% and 100% equity interests. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.

	No. of ordinary shares of US\$1.00 each in Goldway Holdings Limited				Percentage of issued capital (%)
	Personal interests	Family interests	Corporate interests	Total	
Sir Run Run Shaw	–	–	2,500 ¹	2,500	100.00%

¹ 875 shares were held by Shaw Brothers (Hong Kong) Limited and 1,625 shares were held by Shaw Property Holdings Limited, in which companies Shaw Holdings Inc. holds 74.58% and 100% equity interests. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.

All the interests stated above represented long positions. The Company or its subsidiaries did not grant to the directors or chief executive or their spouse or children under 18 years of age any rights to subscribe for shares, underlying shares or debentures of the Company or any other body corporate.

Apart from the above, no interests or short positions were held or deemed or taken (under the SFO) to be held by any directors or chief executive of the Company in the shares or underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of the SFO) as at 30th September 2008.

At no time during the period was the Company or its subsidiaries a party to any arrangement to enable the directors and chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of the SFO).

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2008, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests (all being beneficial interests), being 5% or more of the Company's issued share capital.

Name of shareholder	No. of ordinary shares of HK\$0.25 each	Percentage of issued capital (%)
Shaw Holdings Inc.	297,106,872 ¹	74.58%
Arnhold and S. Bleichroeder Advisers, LLC	41,228,930 ²	10.35%

Note: Duplication of shareholdings occurred between parties ⁽¹⁾ shown here and above under "Directors' Interests In Shares".

¹ 11,761,000 shares and 21,735,000 shares were held by its wholly owned subsidiaries, Double One Limited and The Shaw Foundation Hong Kong Limited respectively. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc., Double One Limited and The Shaw Foundation Hong Kong Limited through the Sir Run Run Shaw Charitable Trust.

² Interests were held in the capacity of investment adviser that maintains discretion to exercise voting powers and transact purchases and sales on behalf of its clients.

All the interests stated above represented long positions. Save for the interests referred to above, no other person was recorded in the register of substantial shareholders maintained under Section 336 of the SFO as having any substantial shareholders' interests or short positions, being 5% or more of the issued share capital of the Company as at 30th September 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2008, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

During the period the Company has been in compliance with all the Code Provisions of the Code on Corporate Governance Practices (the "Code") 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 "Exchange").

Compliance with Model Code

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

All Directors and members of the Senior Management confirmed, following specific enquiry by the Company, that they had complied with the Model Code throughout the period between 1st April 2008 and 30th September 2008.

Internal Controls

The system of internal controls has been designed to safeguard assets from inappropriate use, maintain proper accounts and ensure effective operation of the Company's business and compliance with regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Company's activities including the operation of the internal control system.

The heads of the Finance team and the operating units perform financial and operational reviews of the Company and its subsidiaries, as well as other reviews as required. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit Committee and the heads of the Finance team and the operating units monitor the follow-up actions.

An annual review, pursuant to the requirement set out under Appendix 14 of the Listing Rules, of the effectiveness of the material controls, including financial, operational and compliance controls and risk management function, is in progress.

Audit Committee

The Audit Committee is composed of all three independent Non-executive Directors, namely, Dr. Chow Yei Ching (Chairman of the Audit Committee), Ms. Ng Julie Yuk Shun and Mr. Nelson Hon Sang Chiu. They possess appropriate academic and professional qualifications or related financial management expertise. The Audit Committee is provided with sufficient resources to discharge its duties. The principal duties of the Audit Committee include review of the Group's financial reporting, the scope of audit services as well as the effectiveness of the system of internal controls and compliance. It will also discuss matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30th September 2008 before they were presented to the Board of Directors for approval.

The interim financial statements for the six months ended 30th September 2008 have been reviewed by the Audit Committee of the Company, but have not been audited.

Interim Report

The interim report of the Company for the six months ended 30th September 2008 containing all the information required by the Listing Rules is published on the Exchange's website (www.hkexnews.hk) and the Company's website (www.shawbrothers.com.hk).

On Behalf of the Board

Run Run Shaw
Executive Chairman

Hong Kong, 3rd December 2008

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER AND 31ST MARCH 2008

	Note	Unaudited 30th September 2008 HK\$'000	Audited 31st March 2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	135,482	138,791
Leasehold land	4	17,821	18,052
Interests in associates		1,776,084	1,792,869
		<u>1,929,387</u>	<u>1,949,712</u>
Current assets			
Inventories		1,004	753
Accounts receivable, prepayments, deposits and other receivables	5	30,535	26,324
Cash and cash equivalents		226,822	48,882
		<u>258,361</u>	<u>75,959</u>
Total assets		<u>2,187,748</u>	<u>2,025,671</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	6	99,598	99,598
Other reserves		37,237	26,100
Retained profits			
– Final dividend 2007/2008 proposed	11	–	167,323
– Interim dividend 2008/2009 declared	11	19,920	–
– Others		1,815,268	1,723,161
Total equity		<u>1,972,023</u>	<u>2,016,182</u>
LIABILITIES			
Current liabilities			
Accounts payable, other payables and accruals	7	46,639	7,583
Provision for staff long service payments		1,763	1,906
Dividend payable		167,323	–
Total liabilities		<u>215,725</u>	<u>9,489</u>
Total equity and liabilities		<u>2,187,748</u>	<u>2,025,671</u>
Net current assets		<u>42,636</u>	<u>66,470</u>
Total assets less current liabilities		<u>1,972,023</u>	<u>2,016,182</u>

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

		Unaudited	
	Note	Six months ended 30th September	
		2008	2007
		HK\$'000	HK\$'000
Turnover	3	10,018	21,655
Cost of sales		(5,372)	(13,721)
Gross profit		4,646	7,934
Other income	8	8,272	12,000
Selling and distribution expenses		(380)	(189)
General and administrative expenses		(12,316)	(13,470)
Other operating expenses		(11,191)	(10,240)
Operating loss		(10,969)	(3,965)
Share of net profit after income tax of associates		126,470	123,475
Profit before income tax of the Company and subsidiaries	9	115,501	119,510
Income tax expense – Company and subsidiaries	10	–	–
Profit attributable to equity holders of the Company		115,501	119,510
Dividends	11	19,920	19,920
Earnings per share	12	HK\$0.29	HK\$0.30

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

	Unaudited Attributable to equity holders of the Company					Total HK\$'000
	Share capital	Legal reserve	Capital reserve	Exchange fluctuation reserve	Retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April 2008	99,598	12,936	32,902	(19,738)	1,890,484	2,016,182
Share of reserve movements of an associate	-	-	-	7,663	-	7,663
Net income recognised directly in equity	-	-	-	7,663	-	7,663
Profit for the period	-	-	-	-	115,501	115,501
Total recognised income for the period	-	-	-	7,663	115,501	123,164
Share of reserve movements of an associate	-	3,474	-	-	(3,474)	-
Final dividend 2007/2008	-	-	-	-	(167,323)	(167,323)
	-	3,474	-	-	(170,797)	(167,323)
At 30th September 2008	99,598	16,410	32,902	(12,075)	1,835,188	1,972,023
At 1st April 2007	99,598	9,203	32,902	(20,167)	1,762,093	1,883,629
Share of reserve movements of an associate	-	-	-	152	-	152
Net income recognised directly in equity	-	-	-	152	-	152
Profit for the period	-	-	-	-	119,510	119,510
Total recognised income for the period	-	-	-	152	119,510	119,662
Share of reserve movements of an associate	-	3,733	-	-	(3,733)	-
Final dividend 2006/2007	-	-	-	-	(159,356)	(159,356)
	-	3,733	-	-	(163,089)	(159,356)
At 30th September 2007	99,598	12,936	32,902	(20,015)	1,718,514	1,843,935

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

	Unaudited Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(4,721)	1,536
Net cash generated from investing activities	182,661	188,224
Net increase in cash and cash equivalents	177,940	189,760
Cash and cash equivalents at the beginning of the period	48,882	50,711
Cash and cash equivalents at the end of the period	226,822	240,471
Analysis of the balances of cash and cash equivalents		
Short term bank deposits with maturities less than three months	223,470	237,695
Bank and cash balances	3,352	2,776
	226,822	240,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30th September 2008 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2008 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2008, except that the Group has adopted a number of new/revised HKFRS issued by the HKICPA which are mandatory for the financial year ending 31st December 2008.

The adoption of the new/revised HKFRS do not have material impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the financial statements will be resulted.

The following new/revised standards, amendments and interpretation to existing standard have been published and mandatory for the accounting periods beginning on or after 1st July 2008 or later periods, but the Group has not early adopted them.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1st January 2009.

² Effective for annual periods beginning on or after 1st July 2009.

³ Effective for annual periods beginning on or after 1st July 2008.

The Group has already commenced an assessment of the impact of the new/revised standards, amendments or interpretation to existing standard but is not yet in a position to state whether these new/revised standards, amendments or interpretation to existing standard would have a material impact on its results of operations and financial position.

3. Segment information

Primary reporting format – business segments

The Group is principally engaged in investment holding and business operations relating to the media and entertainment industries through the following major business segments:

Property rental	: Leases of properties for rentals
Film distribution	: Distribution of films for theatrical income and royalty income
Filming facilities services	: Provision of studio sites and filming facilities and services for income
Investment holding	: Investments in associates

	Six months ended 30th September 2008				
	Property rental	Film distribution	Filming facilities services	Investment holding	Group total
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Turnover (<i>Note</i>)	1,834	–	8,184	–	10,018
Segment results	1,094	(651)	(2,471)	(2,393)	(4,421)
Unallocated items					(6,548)
Operating loss					(10,969)
Share of net profit after income tax of associates	–	–	–	126,470	126,470
Profit before income tax of the Company and subsidiaries					115,501
Income tax expense – Company and subsidiaries					–
Profit attributable to equity holders of the Company					115,501

Note: There are no sales between the business segments.

3. **Segment information** (continued)

Primary reporting format – business segments (continued)

	Six months ended 30th September 2007				
	Property rental	Film distribution	Filming facilities services	Investment holding	Group total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover (<i>Note</i>)	1,934	80	19,641	–	21,655
Segment results	1,163	(490)	1,150	(2,198)	(375)
Unallocated items					(3,590)
Operating loss					(3,965)
Share of net profit after income tax of associates	–	–	–	123,475	123,475
Profit before income tax of the Company and subsidiaries					119,510
Income tax expense – Company and subsidiaries					–
Profit attributable to equity holders of the Company					119,510

Note: Turnover was after eliminating inter-segment transactions amounting to HK\$122,000 attributable to filming facilities services.

Secondary reporting format – geographical segments

During the period under review, less than 10% of the operations of the Group in terms of both revenue and segment results were carried on outside Hong Kong. Accordingly, no geographical segment information is shown.

4. **Capital expenditure**

	Property, plant and equipment	Leasehold land
	HK\$'000	HK\$'000
Opening net book amount as at 1st April 2007	142,466	18,515
Additions	49	–
Depreciation/amortisation charge (<i>Note 9</i>)	(4,969)	(231)
Closing net book amount as at 30th September 2007	137,546	18,284
Additions	5,480	–
Depreciation/amortisation charge	(4,235)	(232)
Closing net book amount as at 31st March 2008	138,791	18,052
Opening net book amount as at 1st April 2008	138,791	18,052
Additions	564	–
Depreciation/amortisation charge (<i>Note 9</i>)	(3,873)	(231)
Closing net book amount as at 30th September 2008	135,482	17,821

5. Accounts receivable, prepayments, deposits and other receivables

The aging analysis of the net accounts receivable is as follows:

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
1 – 3 months	553	211
Over 3 months	<u>18</u>	<u>396</u>
	571	607
Accounts receivable not past due	<u>2,247</u>	<u>1,450</u>
	<u>2,818</u>	<u>2,057</u>

The Group has a defined credit policy. The general credit term ranges from 30 to 90 days.

6. Share capital

	Authorised ordinary shares of HK\$0.25 each	
	Number of shares	HK\$'000
As at 1st April 2007, 30th September 2007 and 2008	<u>600,000,000</u>	<u>150,000</u>
	Issued and fully paid ordinary shares of HK\$0.25 each	
	Number of shares	HK\$'000
As at 1st April 2007, 30th September 2007 and 2008	<u>398,390,400</u>	<u>99,598</u>

7. Accounts payable, other payables and accruals

The aging analysis of accounts payable is as follows:

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
Current	1,439	422
1 – 3 months	168	–
Over 3 months	<u>92</u>	<u>–</u>
	<u>1,699</u>	<u>422</u>

8. Other income

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Management fee income	4,994	5,775
Interest income	2,677	5,116
Others	<u>601</u>	<u>1,109</u>
	<u>8,272</u>	<u>12,000</u>

9. Profit before income tax of the Company and subsidiaries

Profit before income tax of the Company and subsidiaries has been arrived at after charging the following:

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Depreciation charge	3,873	4,969
Add: Net amount realised from inventories	–	4,431
	<u>3,873</u>	<u>9,400</u>
Amortisation of leasehold land	231	231
Amortisation of released films	–	77
Employee benefit expense	14,801	18,305
Operating leases – land and buildings	<u>229</u>	<u>228</u>

10. Income tax expense – Company and subsidiaries

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the period (2007: Nil). Tax on overseas profits has been calculated, where applicable, at the rates of taxation prevailing in the countries in which the Group operates.

11. Dividends

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK\$0.05 (2007: HK\$0.05) per ordinary share	<u>19,920</u>	<u>19,920</u>
	<u>19,920</u>	<u>19,920</u>

At a meeting held on 27th June 2008, the Directors declared a final dividend of HK\$0.42 per ordinary share for the year ended 31st March 2008 amounting to HK\$167,323,000, which was paid on 23rd October 2008 and was reflected as an appropriation of retained profits for the six months ended 30th September 2008.

12. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$115,501,000 (2007: HK\$119,510,000) and on 398,390,400 ordinary shares in issue throughout the two six-month periods ended 30th September 2008 and 2007. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

13. Capital commitments

	30th September	31st March
	2008	2008
	HK\$'000	HK\$'000
Capital commitment in respect of the Group's share of funding to an associate for its development of film studio and ancillary facilities	45,949	65,864
Capital expenditure contracted but not provided for in respect of plant and equipment	<u>3,820</u>	<u>4,073</u>
	<u>49,769</u>	<u>69,937</u>

14. Related party transactions

(a) Related party transactions

The Group entered into the following significant transactions in the normal course of business during the period with related parties:

- (i) The Group provided labour and administrative services to certain associates for management fees totalling HK\$1,643,000 (2007: HK\$1,987,000). The fees for these services were determined by an agreement entered into between the parties.
- (ii) The Group provided labour and administrative services to certain related parties for management fees totalling HK\$3,351,000 (2007: HK\$3,603,000). The fees for these services were determined by an agreement entered into between the parties. These related parties are held by a substantial shareholder of the Company.
- (iii) The Group received interest income totalling HK\$1,242,000 (2007: HK\$1,906,000) from an associate for providing additional loan facility to finance the development of film studio and ancillary facilities. The loan interest charged was determined by a facility letter entered into between both parties.
- (iv) The Group received service income for digital restoration of video tapes amounting to HK\$713,000 (2007: HK\$133,000) from an associate. The fees for these services were determined by an agreement entered into between both parties.

(b) Key management compensation

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,836	2,845

(c) Period/year-end balances

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
Receivables from related parties		
Associates	9,410	9,385
Fellow subsidiaries	2,209	2,243
Total receivables	11,619	11,628
Less: interest receivable from an associate (<i>Note (d)</i>)	(7,725)	(6,483)
	<u>3,894</u>	<u>5,145</u>

(d) Loan to an associate

	30th September 2008	31st March 2008
	HK\$'000	HK\$'000
Principal amount		
Beginning of the period/year	424,136	399,181
Loan advanced	19,915	24,955
End of the period/year	<u>444,051</u>	<u>424,136</u>
Interest receivable from an associate		
Beginning of the period/year	6,483	2,736
Interest income	1,242	3,747
End of the period/year (<i>Note (c)</i>)	<u>7,725</u>	<u>6,483</u>
Total		
Beginning of the period/year	430,619	401,917
Loan advanced	19,915	24,955
Interest income	1,242	3,747
End of the period/year	<u>451,776</u>	<u>430,619</u>