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

2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Li Ruigang

EXECUTIVE DIRECTORS

Mr. Ding Siqiang
Ms. Ding Xueleng
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

ALTERNATE DIRECTOR

Mr. Gu Jiong (Alternate Director to Mr. Hui To Thomas)

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Poon Kwok Hing Albert (Committee Chairman)
Mr. Pang Hong
Miss Szeto Wai Ling Virginia

NOMINATION COMMITTEE

Mr. Pang Hong (Committee Chairman)
Mr. Poon Kwok Hing Albert
Miss Szeto Wai Ling Virginia

REMUNERATION COMMITTEE

Miss Szeto Wai Ling Virginia (Committee Chairman)
Mr. Pang Hong
Mr. Poon Kwok Hing Albert

COMPANY SECRETARY

Miss Chan Yin Yi Annie

AUTHORISED REPRESENTATIVES

Mr. Gu Jiong
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

Tricor Investor Services Limited
Level 22, 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
DBS Bank (Hong Kong) Limited

WEBSITE

www.shawbrotherspictures.com

INDUSTRY OVERVIEW

During the reporting period ended 30 June 2018 (the "Period"), the industry appeared stable and the Group continued to embark on its strategic development in the entertainment business. The Group continued to allocate substantial resources into its major business segments during the Period.

BUSINESS REVIEW

During the Period, the Group recorded revenues of approximately RMB47,386,000 (six months ended 30 June 2017: approximately RMB 37,776,000). The following table sets out the total revenue of the Group for the periods ended 30 June 2018 and 30 June 2017:

	Six months ended 30 June					
	2018			2017		
	Investments in films, drama and non-drama productions RMB'000	**Artiste and event management RMB'000**	**Others RMB'000**	Investments in films, drama and non-drama productions RMB'000	Artiste and event management RMB'000	Others RMB'000
Revenue	**10,714**	**35,012**	**1,660**	12,521	24,923	332

FILM AND DRAMA AND NON-DRAMA PRODUCTIONS

During the Period, the Group released the drama series of "Flying-Tiger"（飛虎之潛行極戰）on YOUKU（優酷）and Television Broadcasts Limited ("TVB") authorised platforms. Flying-Tiger achieved favorable response from viewers upon release and obtained over 4 billion click-play demand rate on Youku's Internet video platform. During the Period, The Group had completed the production of drama series "The Protector"（守護神）. The Protector is another drama series in cooperation with iQiyi（愛奇藝）which is expected to be released in the second half of 2018. On the other hand, the Group has completed the production of a non-drama series "了不起的獸人族" through its non-wholly owned subsidiary, Tailor Made Production Limited ("Tailor Made"), with cooperation with 北京魚子醬文化傳播有限公司 and 上海小獵豹文化傳媒有限公司. "了不起的獸人族" was released online on iQiyi platform during the Period.

ARTISTE AND EVENT MANAGEMENT

During the Period, the Group reported revenue of approximately RMB35,012,000 from artiste and event management. Currently, there are over 40 artistes under management of the Group which represented a significant increase from 2017. Such increase in number of artistes under management not only strengthen the artiste and event management segment and enables the Group to diversify its business mix, but also allows the Group to take advantage of a richer talent resources for productions of its self-developed film and drama series creating synergy effect to other business of the Company.

OTHERS

During the Period, the Group also recorded revenue of approximately RMB1,660,000 in other legacy trading business.

DISPOSAL OF SUBSIDIARIES

During the Period, the Group disposed a number of subsidiaries. Details of the Disposal of 51% interest in Amber Jungle Limited are set out in the announcements of the Company dated 26 July 2017 and 25 September 2017 and the circular of the Company dated 25 October 2017.

FINANCIAL REVIEW

During the Period, the Group recorded a revenue of approximately RMB47,386,000, representing an increase of approximately 25.44% compared to approximately RMB37,776,000 for the corresponding six months ended 30 June 2017 (the "Corresponding Period"). Profit for the Period amounted to RMB5,916,000, compared to loss of approximately RMB1,622,000 for the Corresponding Period. The positive result for the Period was due to primarily the contribution of increased gross profit from entertainment businesses, and the contribution of other incomes mainly from interests and exchange gain. For the Period, earnings per share amounted to approximately RMB0.35 cent (six months ended 30 June 2017: approximately RMB0.14 cent).

REVENUE

Investments in films, drama and non-drama productions reported revenue and gross profit of approximately RMB10,714,000 and RMB5,575,000 respectively for the Period, compared to RMB12,521,000 and RMB122,000 respectively for the Corresponding Period. Artiste and event management generated revenue and gross profit of approximately RMB35,012,000 and RMB15,652,000 respectively for the Period, compared to RMB24,923,000 and RMB9,037,000 respectively for the Corresponding Period.

Segment and geographical information for the period ended 30 June 2018:

	The PRC	**Hong Kong**	**Total**
	RMB'000	RMB'000	RMB'000
Revenue			
Investments in films, drama and non-drama productions	2,325	8,389	10,714
Artiste and event management	19,828	15,184	35,012
Others	1,660	–	1,660
	23,813	23,573	47,386
Gross profit			
Investments in films, drama and non-drama productions	2,091	3,484	5,575
Artiste and event management	7,177	8,475	15,652
Others	1,180	–	1,180
	10,448	11,959	22,407

COST OF SALES

Cost of sales decreased by approximately 12.19% to approximately RMB24,979,000 for the Period (six months ended 30 June 2017: approximately RMB28,448,000). Costs of investments in films, drama and non-drama productions for the Period amounted to approximately RMB5,139,000, and the costs incurred for artiste and event management amounted to approximately RMB19,360,000 for the Period.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 660.31% from approximately RMB388,000 for the six months ended 30 June 2017 to approximately RMB2,950,000 for the Period, primarily as a result of increase in marketing and promotion activities arising out of the promoting activities for the Group and artistes under its management.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 0.16% from approximately RMB16,025,000 for the Corresponding Period to approximately RMB16,050,000 for the Period, primarily due to the increase in overheads of general operation.

INCOME TAX

The income tax expense for the Period amounted to RMB1,004,000 (six months ended 30 June 2017: Nil). Details of income tax are set out in Note 7 to the condensed consolidated financial statements in this report.

TRADE AND OTHER RECEIVABLES AND PROVISION FOR IMPAIRMENT LOSS

Trade receivables from third parties, net of loss allowance, for the Period decreased by approximately 34.69% from approximately RMB58,092,000 as at 31 December 2017 to approximately RMB37,938,000.

Details of trade and other receivables as at 30 June 2018 are set out in Note 14 to the condensed consolidated financial statements in this report.

CONTRACT LIABILITIES

Contract liabilities for the Period amounted to approximately RMB101,959,000 which mainly represented receipts in advance from films, drama and non-drama projects. Details of contract liabilities as at 30 June 2018 are presented in accordance with HKFRS 15 as set out in Note 3.2 and Note 18 to the condensed consolidated financial statements of this report.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resources and bank borrowings. As at 30 June 2018, bank balances and cash in hand and short-term bank deposits amounted to approximately RMB240,729,000, increased by approximately RMB96,507,000 from RMB144,222,000 as at 31 December 2017. As at 30 June 2018, the Group's bank and cash balances were denominated in Renminbi, Hong Kong Dollars and United States Dollars.

PLEDGE OF ASSETS

As at 30 June 2018, the Group did not have any pledge of assets (31 December 2017: assets with an aggregate carrying amount of approximately RMB56,832,000 was pledged to secure its bank borrowings).

CAPITAL STRUCTURE

As at 30 June 2018, the Group's equity attributable to owners of the Company increased by approximately 1.21% to approximately RMB411,530,000 (31 December 2017: approximately RMB406,614,000). Total assets amounted to approximately RMB553,916,000 (31 December 2017: approximately RMB625,316,000) which included current assets amounting to approximately RMB552,398,000 (31 December 2017: approximately RMB436,097,000). Current liabilities were approximately RMB143,855,000 (31 December 2017: approximately RMB68,931,000). Net assets value per share attributable to the owners of the Company as at 30 June 2018 was approximately RMB28.99 cents (31 December 2017: approximately RMB28.64 cents). Current ratio was approximately 3.84 as at 30 June 2018 (31 December 2017: approximately 6.33).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material capital commitments and contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS AND NET PROFIT (LOSS) MARGIN

For the Period, profit attributable to the owners of the Company amounted to approximately RMB4,916,000 (six months ended 30 June 2017: approximately RMB2,051,000). Net profit margin of the Group is approximately 12.48% (six months ended 30 June 2017: net loss margin approximately 4.29%).

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and Hong Kong with most of its transactions settled in Renminbi and Hong Kong Dollars. Part of the Group's cash and bank deposits is denominated in Renminbi, Hong Kong Dollars and United States Dollars.

During the Period, the Group did not hedge any exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may cause financial impacts on the Group.

GEARING RATIO

As at 30 June 2018, the Group did not have interest-bearing bank borrowings (31 December 2017: approximately RMB33,000,000). The gearing ratio of the Group as at 31 December 2017 was approximately 5.28%, which was derived by dividing interest-bearing debt incurred in the ordinary course of business by total assets.

INTEREST-BEARING BANK BORROWINGS

As at 30 June 2018, the Group did not have interest-bearing bank borrowings (31 December 2017: approximately RMB33,000,000).

HUMAN RESOURCES

As at 30 June 2018, the Group had a total of 143 employees (31 December 2017: 592 employees).

OUTLOOK

Although the entertainment industry appeared stable in the first half of 2018, there are still uncertainties in the macroeconomic prospect globally and correspondingly potential adjustments of local economic environment in the PRC, which may present to the entertainment industry a headwind and pose to the Group a challenge. The positive results of the Period still render the Group confidence in regards its strategic development. The Group will continue to develop its entertainment businesses and focus on its main business segments of film investment and drama and non-drama production, as well as artiste and event management.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the Period (six months ended 30 June 2017: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be noticed to the Company and the Stock Exchange, were as follows:

LONG POSITION IN THE SHARES AND IN THE UNDERLYING SHARES

Name of Director	Capacity/Nature	No. of shares/ underlying shares interested	Approximately percentage of shareholding (Note 1)
Mr. Li Ruigang	Interest of controlled corporation	425,000,000 (Note 2)	29.94%
Mr. Ding Siqiang	Beneficial owner	4,034,000	0.28%
Ms. Ding Xueleng	Interest of spouse	4,034,000 (Note 3)	0.28%

Notes:

1. The percentage was calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2018, which was 1,419,610,000.

2. Mr. Li Ruigang was interested in such 425,000,000 Shares through 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 Holdings Limited ("CMC Holdings"), 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 Holdings. CMC Holdings was 82.12% controlled by Gold Pioneer, and was 0.46% controlled by GLRG Holdings which was wholly-owned by Gold Pioneer. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Holdings, 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 100% owned by Mr. Li Ruigang.

3. Ms. Ding Xueleng is the spouse of Mr. Ding Siqiang. She was deemed or taken to be interested in all the Shares that Mr. Ding Siqiang was interested in.

Apart from the foregoing, 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 shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules or pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 30 June 2018, the following persons not being Directors or chief executive of the Company had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

LONG POSITION IN THE SHARES

Name of substantial shareholders	Capacity	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# (Notes 2)	29.94%
CMC Holdings	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%
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 above table.

At 30 June 2018 and according to the information of the corporate/individual substantial shareholder(s) of the Company as shown on the website of the Stock Exchange.

1. The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2018, which was 1,419,610,000.

2. Shine Investment, Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Holdings, 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 Holdings. CMC Holdings was 82.12% controlled by Gold Pioneer, and was 0.46% controlled by GLRG Holdings which was wholly-owned by Gold Pioneer. Gold Pioneer was wholly-owned by Brilliant Spark. Each of Shine Holdings, CMC Shine Acquisition, CMC Shine Holdings, CMC Holdings, 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 100% 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).

3. TVB was deemed to be interested in such 425,000,000 Shares through its interest in Shine Investment (also see Note 4 below).

4. 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 2018, 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 which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CHANGE IN INFORMATION OF DIRECTORS

Subsequent to the publication of the latest biographical details of the Directors of the Company in its 2017 Annual Report and up to the date of this interim report, the following change in Director's information took place which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Hui To Thomas, was redesignated from a non-executive director to an executive director of TVB on 21 March 2018.

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 Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules during the Period, save for the following:

CODE PROVISION E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company. Mr. Li Ruigang, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21 June 2018 ("2018 AGM") due to other prior business engagement. However, Mr. Hui To Thomas, a non-executive Director chaired the 2018 AGM and answered questions from the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") with terms of reference aligned with the provision of the Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, Mr. Poon Kwok Hing Albert (Chairman), Mr. Pang Hong and Miss Szeto Wai Ling Virginia, all are independent non-executive Directors.

The Audit Committee reviewed the unaudited condensed consolidated interim financial information of the Group for the Period. The Audit Committee has reviewed this report and has provided advice and comments thereon to the Board. The Audit Committee is of the opinion that this report complied with applicable accounting standards, the Listing Rules, and that adequate disclosures have been made.

OTHER INFORMATION

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 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, subject to the early termination provisions contained in the Scheme.

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 options were granted, exercised, cancelled or lapsed under the Scheme.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

信永中和 ShineWing

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

TO THE MEMBERS 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 12 to 38, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related 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
21 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and re-presented)
Continuing operation			
Revenue	4	**47,386**	37,776
Cost of sales		**(24,979)**	(28,448)
Gross profit		**22,407**	9,328
Other income		**2,852**	1,388
Gain on disposal of subsidiaries	24	**801**	–
Selling and distribution expenses		**(2,950)**	(388)
Administrative expenses		**(16,050)**	(16,025)
Other operating expenses		**(400)**	(123)
Finance costs	6	**(790)**	(838)
Profit (loss) before tax		**5,870**	(6,658)
Income tax expense	7	**(1,004)**	–
Profit (loss) and total comprehensive income (expense) for the period	8	**4,866**	(6,658)
Discontinued operations			
Profit and total comprehensive income for the period from the discontinued operations	23	**1,050**	5,036
Profit (loss) and total comprehensive income (expense) for the period		**5,916**	(1,622)
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company:			
– From continuing operation		**3,866**	(517)
– From discontinued operations	23	**1,050**	2,568
		4,916	2,051
Profit (loss) and total comprehensive income (expense) for the period attributable to non-controlling interests:			
– From continuing operation		**1,000**	(6,141)
– From discontinued operations	23	**–**	2,468
		1,000	(3,673)
Total profit (loss) and total comprehensive income (expense) for the period		**5,916**	(1,622)
Earnings (loss) per share			
From continuing and discontinued operations			
– Basic and diluted (RMB cents)	9	**0.35**	0.14
From continuing operation			
– Basic and diluted (RMB cents)	9	**0.27**	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	**1,518**	1,949
		1,518	1,949
Current assets			
Inventories	12	**9,871**	–
Loan receivable	13	**–**	6,522
Consideration receivables	24	**26,692**	–
Trade and other receivables	14	**68,034**	106,514
Deposit paid for potential acquisition		**–**	25,836
Investments in films, drama and non-drama	15	**83,072**	62,747
Films, drama and non-drama productions in progress	15	**97,937**	65,182
Financial asset at fair value through profit or loss	16	**24,623**	25,074
Equity instruments at fair value through other comprehensive income	16	**1,440**	–
Bank balances and cash		**240,729**	144,222
		552,398	436,097
Assets classified as held for sale	23	**–**	187,270
		552,398	623,367
Current liabilities			
Trade and other payables	17	**37,195**	30,183
Contract liabilities	18	**101,959**	–
Income tax payables		**2,298**	1,050
Amounts due to related companies	19	**2,403**	4,698
Secured bank borrowings	20	**–**	33,000
		143,855	68,931
Liabilities directly associated with assets classified as held for sales	23	**–**	118,583
		143,855	187,514
Net current assets		**408,543**	435,853
Total assets less current liabilities		**410,061**	437,802
Capital and reserves			
Share capital	21	**12,322**	12,322
Reserves		**399,208**	394,292
Equity attributable to owners of the Company		**411,530**	406,614
Non-controlling interests		**(1,469)**	31,188
Total equity		**410,061**	437,802

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share Capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note a)	Other reserves RMB'000 (Note b)	Accumulated loss RMB'000	Total equity RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2018	**12,322**	**750,821**	**47,422**	**142,000**	**(545,951)**	**406,614**	**31,188**	**437,802**
Profit for the period	**–**	**–**	**–**	**–**	**4,916**	**4,916**	**1,000**	**5,916**
Increase in statutory reserve	**–**	**–**	**292**	**–**	**(292)**	**–**	**–**	**–**
Disposal of subsidiaries	**–**	**–**	**(47,422)**	**(142,000)**	**189,422**	**–**	**(33,657)**	**(33,657)**
At 30 June 2018 (Unaudited)	**12,322**	**750,821**	**292**	**–**	**(351,905)**	**411,530**	**(1,469)**	**410,061**
At 1 January 2017	12,322	750,821	47,422	142,000	(538,726)	413,839	30,524	444,363
Profit (loss) for the period	–	–	–	–	2,051	2,051	(3,673)	(1,622)
At 30 June 2017 (Unaudited)	12,322	750,821	47,422	142,000	(536,675)	415,890	26,851	442,741

Notes:

(a) Statutory reserve

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(b) Other reserves

The other reserves comprise the reserves arising from changes in ownership of a subsidiary without losing control.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and re-presented)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**88,052**	14,630
INVESTING ACTIVITIES		
Disposal of a subsidiary	**(131,298)**	–
Repayment from deposit paid for potential acquisition	**25,836**	–
Other investing activities	**1,138**	1,514
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	**(104,324)**	1,514
FINANCING ACTIVITIES		
Repayment from loan receivable	**6,522**	12,228
Repayment of bank borrowings	**–**	(81,950)
New bank borrowings raised	**–**	81,950
Other financing activities	**(2,230)**	(2,667)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**4,292**	9,561
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(11,980)**	25,705
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**252,709**	344,237
CASH AND CASH EQUIVALENTS AT 30 JUNE	**240,729**	369,942
Represented by bank balances and cash attributable to:		
– From continuing operation	**240,729**	268,622
– From discontinued operations	**–**	101,320
	240,729	369,942

1. GENERAL INFORMATION

Shaw Brothers Holdings Limited (the "Company") was incorporated in the Cayman Islands, under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 June 2009 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 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 annual report.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the investments in films, drama and non-drama productions and artiste and event management. The Company acts as an investment holding company and engaged in the investments in films, drama and non-drama productions and artiste and event management.

The condensed consolidated financial statements are presented in thousands of units of Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis expect for certain financial instruments, which are measured at fair value, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 FINANCIAL INSTRUMENTS

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for:

1) the classification and measurement of financial assets and financial liabilities,

2) expected credit losses ("ECL") for financial assets and

3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as they were prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unlisted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 FINANCIAL INSTRUMENTS *(continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.1.2.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 FINANCIAL INSTRUMENTS *(continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables, consideration receivables and deposit paid for potential acquisition). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over expected life of the relevant instruments. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 FINANCIAL INSTRUMENTS *(continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk *(continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days to 270 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if:

i) it has a low risk of default,

ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and

iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 30 days to 270 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.1 IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 FINANCIAL INSTRUMENTS *(continued)*

3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL *(continued)*

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 3.1.2.

Other than those disclosed above, all other financial assets and financial liabilities to be measured on the same basis as are previously measured under HKAS 39.

3.1.2 Summary of effects arising from initial application of HKFRS 9

As at 30 June 2018, the Group has applied the simplified approach and recorded lifetime ECLs on trade receivables and general approach and recorded 12-month ECLs on financial assets included in loan receivables, consideration receivables and deposit paid for potential acquisition. The Group determined that there is no significant financial impact arising from these changes.

3.2 IMPACT AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers, whereas revenue arising from construction contracts and provision of services was recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

– When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

– When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

– When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that are considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, some of the Group's investment in films, drama and non-drama production and artiste and event management service that are revenue from currently recognised at a point in time may meet the HKFRS 15 criteria for revenue recognition over time. This will depend on the terms of the contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

3.2 IMPACT AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*

Presentation of contract assets and liabilities

Under HKFRS 15, accounts receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to "receipts in advance" was presented in the condensed consolidated statement of financial position under "trade and other payables".

To reflect these changes in presentation, the Group has made the following adjustment as at 1 January 2018, as a result of the adoption of HKFRS 15:

"Receipts in advance" amounting to approximately RMB2,753,000 as at 1 January 2018 is now presented as "contract liabilities". At 30 June 2018, the amount is approximately RMB101,959,000.

4. REVENUE

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and re-presented)
Investments in films, drama and non-drama productions income	**10,714**	12,521
Artiste and event management services income	**35,012**	24,923
Others	**1,660**	332
	47,386	37,776

5. SEGMENT INFORMATION

Information reported to the board of 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.

During the year ended 31 December 2017, the Company has entered into an agreement to dispose of the 51% interests in Amber Jungle Limited and its subsidiaries (collectively referred to as the "Disposal Group") which were previously included in manufacturing and trading segment. The directors of the Company considered such business was classified as discontinued operations during the year ended 31 December 2017. The segment information does not include the discontinued business. The other business previously included in manufacturing and trading segment are included in other segment below.

5. SEGMENT INFORMATION *(continued)*

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 the investments in films, drama and non-drama productions and artiste and event management.

(i) Investments in films, drama and non-drama productions – 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 including management and administrative function.

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:

Continuing operation

	Investments in films, drama and non-drama productions		Artiste and event management		Others		Total	
	Six months ended 30 June							
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited and re-presented)	**(Unaudited)**	(Unaudited and re-presented)	**(Unaudited)**	(Unaudited and re-presented)	**(Unaudited)**	(Unaudited and re-presented)
Segment revenue	**10,714**	12,521	**35,012**	24,923	**1,660**	332	**47,386**	37,776
Segment profit (loss)	**8,040**	122	**9,641**	9,037	**(1,636)**	(2,699)	**16,045**	6,460
Unallocated income							**3,653**	1,388
Unallocated expenses							**(13,828)**	(14,506)
Profit (loss) before tax							**5,870**	(6,658)

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, gain on disposal of a subsidiary, 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.

5. SEGMENT INFORMATION *(continued)*

SEGMENT ASSETS AND LIABILITIES

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

Continuing operation:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
SEGMENT ASSETS		
Investments in films, drama and non-drama productions	**200,801**	165,118
Artiste and event management	**25,849**	27,928
Others	**57,777**	35,700
Unallocated	**269,489**	209,300
Total segment assets	**553,916**	438,046
Assets relating to discontinued operations/ assets classified as held for sales	**–**	187,270
	553,916	625,316
SEGMENT LIABILITIES		
Investments in films, drama and non-drama productions	**106,597**	9,341
Artiste and event management	**25,813**	24,187
Unallocated	**11,445**	35,403
Total segment liabilities	**143,855**	68,931
Liabilities relating to discontinued operations/ liabilities classified as held for sales	**–**	118,583
	143,855	187,514

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

- all assets are allocated to operating segments other than a loan receivable, consideration receivables, deposit paid for potential acquisition, financial asset at FVTPL, equity instruments at FVTOCI, bank balances and cash and certain other receivables and prepayments as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than bank borrowings, certain amounts due to related companies and certain other payables as these liabilities are managed on a group basis.

5. SEGMENT INFORMATION *(continued)*

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers of the corresponding periods contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A[1]	**N/A***	12,399
Customer B[2]	**19,221**	N/A*

[1] Revenue from investments in films, drama and non-drama productions income

[2] Revenue from artiste and event management services income

* The corresponding revenue did not contribute over 10% of the total revenue of the Group

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on secured bank borrowings wholly repayable within five years	**790**	838

7. INCOME TAX

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	**1,004**	–

Pursuant to the rule and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No provision for Hong Kong Profits Tax has been made for the subsidiaries established in Hong Kong as the subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2018 and 2017.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods ended 30 June 2018 and 2017. For the six months ended 30 June 2017, no provision of EIT has been made as the Group did not have any assessable profits subject to EIT Law.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No withholding tax was accrued as the Group did not generate distributable profits for the six months ended 30 June 2018 and 2017.

8. PROFIT (LOSS) FOR THE PERIOD

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

Continuing operation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments (Note):		
Salaries and allowances	**617**	680
Contributions to retirement benefits scheme	**7**	31
	624	711
Staff costs:		
Salaries and allowances (excluding directors' emoluments)	**9,694**	8,310
Contributions to retirement benefits scheme (excluding those for directors)	**1,007**	450
Total staff costs	**10,701**	8,760
Depreciation of property, plant and equipment	**457**	58
Interest income	**(1,164)**	(752)
Net fair value gain on financial asset at FVTPL	**(451)**	–
Net foreign exchange gain	**(1,237)**	(636)

Note: Mr. Ding Siqiang and Mr. Ding Xueleng agreed to waive their directors' emoluments for the period ended 30 June 2018 respectively.

9. EARNINGS (LOSS) PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and re-presented)
Earnings		
Profit for the purpose of basic and diluted earnings per share	**4,916**	2,051
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**1,419,610**	1,419,610

Note:

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2018 and 2017.

9. EARNINGS (LOSS) PER SHARE *(continued)*

FROM CONTINUING OPERATION

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and re-presented)
Earnings (loss)		
Profit (loss) for the purpose of basic and diluted earnings (loss) per share	**3,866**	(517)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

FROM DISCONTINUED OPERATIONS

Basic and diluted earnings per share for the discontinued operations is RMB0.08 cent per share (2017: RMB0.18 cent per share) during the six months ended 30 June 2018, based on the profit for the period of approximately RMB1,050,000 (2017: approximately RMB2,568,000) and the denominators detailed above for basic and diluted earnings per share.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group paid approximately RMB26,000 on addition of property, plant and equipment (six months ended 30 June 2017: RMB27,000).

During the six months ended 30 June 2017, as a result of the continuous decline in the performance of the Group, the Group carried out a review of the recoverable amount of the Group's property, plant and equipment. The review led to the recognition of impairment losses on property of approximately RMB389,000 (six months ended 30 June 2018: Nil), which has been recognised in condensed consolidated statement of profit or loss and other comprehensive income. The pre–tax discount rate in measuring the amounts of value-in-use is 15% (six months ended 30 June 2018: Nil).

12. INVENTORIES

	30 June 2018	31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Merchandise for resale	**9,871**	–

13. LOAN RECEIVABLE

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Unsecured loan receivable	**–**	6,522

As at 31 December 2017, the unsecured loan receivable RMB6,522,000 (30 June 2018: Nil) bear interest at a fixed rate 5% per annum. The unsecured loan receivable was due within one year.

14. TRADE AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	**37,938**	58,092
Other receivables	**4,118**	1,879
Prepayment	**25,978**	46,543
Other receivables and prepayments	**30,096**	48,422
Trade and other receivables	**68,034**	106,514

The Group generally allows an average credit period ranging from 30 days to 270 days from the receipt of goods or services by or invoices to its trade customers. At the end of the reporting period, the aged analysis of trade receivables, net of loss allowance, presented based on the invoice dates, which approximated the respective revenue recognition dates, are as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 90 days	**18,684**	40,424
91 to 180 days	**83**	–
181 to 365 days	**19,171**	17,668
Trade and other receivables	**37,938**	58,092

15. INVESTMENTS IN FILMS, DRAMA AND NON-DRAMA PRODUCTIONS IN PROGRESS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Investments in films, drama and non-drama	**83,072**	62,747

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
At beginning of the period/year	**62,747**	46,205
Additions	**20,559**	29,414
Recognised in cost of sales	**(234)**	(12,872)
At end of the period/year	**83,072**	62,747

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.

During the six months ended 30 June 2018, the Group recognised the cost of investments in films, drama and non-drama of approximately RMB234,000 (2017: approximately RMB12,872,000) and no impairment loss on the investments in films, drama and non-drama (2017: Nil) was recognised based on the expected future revenue to be generated from the films, drama and non-drama with reference to their marketability and current market condition.

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Films, drama and non-drama productions in progress	**97,937**	65,182

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
At beginning of the period/year	**65,182**	–
Additions	**32,755**	146,350
Recognised in cost of sales	**–**	(81,168)
At end of the period/year	**97,937**	65,182

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.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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 (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key inputs**	**Significant unobservable input(s)**
	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)			RMB'000
Financial asset at FVTPL					
– Bond	**24,623**	25,074	Level 1	Quoted bid prices in an active market	N/A
Equity instruments at FVTOCI					
– Unlisted equity securities in PRC	**1,440**	N/A	Level 3	Market-comparable approach	Discount for lack of marketability 20.89%

17. TRADE AND OTHER PAYABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables	**16,860**	8,106
Other payables	**17,508**	15,437
Other tax payables	**–**	75
Receipts in advance	**–**	2,753
Accrued payroll and staff welfare	**2,827**	3,812
	20,335	22,077
Trade and other payables	**37,195**	30,183

Included in balance of accrued payroll and staff welfare, there is approximately RMB469,000 director's remuneration payable to Miss Lok Yee Ling Virginia as at 31 December 2017 (2018: Nil).

Included in balance of other payable, there is approximately RMB9,042,000 amount due to a non-controlling interest shareholder as at 30 June 2018 (2017: RMB5,611,000).

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 90 days	**10,613**	7,946
91 to 180 days	**1,809**	160
Over 181 days	**4,438**	–
Total	**16,860**	8,106

18. CONTRACT LIABILITIES

Contractual liabilities for the six months ended 30 June 2018 amounted to approximately RMB101,959,000 which mainly represented receipts in advance from films, drama and non-drama projects (2017: The contract balances relating to "receipts in advance" amounting to RMB2,753,000 was presented in the condensed consolidated statement of financial position under "trade and other payables").

19. AMOUNTS DUE TO RELATED COMPANIES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Amounts due to		
– Television Broadcasts Limited ("TVB") (Note a)	**–**	2,295
– Hengqiang (China) Company Limited ("Hengqiang") (Note b)	**2,403**	2,403
	2,403	4,698

Notes:

(a) TVB held equity interest in the Company; and Mr. Li Ruigang, the chairman, director and substantial shareholder of the Company also held interests and directorship in TVB.

(b) As at 30 June 2018, Mr. Ding Siqiang, a director of the Company, holds 80% equity interests (2017: 80%) of 恒強（國際）有限公司, which is the ultimate holding company of Hengqiang.

The amounts are unsecured, interest-free and repayable on demand.

20. SECURED BANK BORROWINGS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Bank borrowings repayable within one year:		
Secured	**–**	33,000

During the current interim period, no new borrowings has been obtained by the Group (31 December 2017: RMB33,000,000) and repayment of borrowings amounting to approximately RMB33,000,000 (31 December 2017: Nil).

For the six months ended 30 June 2018, the bank borrowings carry fixed interests ranging from 4.39% to 5.00% per annum (31 December 2017: 4.39% to 5.00%), which were used to finance the operations and used for general working capital of the Group.

21. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2018 '000 (Unaudited)	31 December 2017 '000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)
Ordinary shares of HK$0.01 each				
Authorised:				
At end of the period/year	**10,000,000**	10,000,000	**100,000**	100,000

	Number of shares		Share capital	
	30 June 2018 '000 (Unaudited)	31 December 2017 '000 (Audited)	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Issued and fully paid:				
At beginning of the period/year	**1,419,610**	1,184,610	**12,322**	10,355
Issue of shares	**–**	235,000	**–**	1,967
At end of the period/year	**1,419,610**	1,419,610	**12,322**	12,322

22. OPERATING LEASES

THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, warehouses and staff quarters which fall due as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**2,177**	1,130
In the second to fifth year inclusive	**1,017**	689
	3,194	1,819

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of 2 years with fixed rentals.

23. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALES

Pursuant to a sale and purchase agreement dated 26 July 2017, the Group agreed to dispose of the 51% equity interests in Disposal Group to a non-controlling interest shareholder for a total consideration of HK$41,000,000 (equivalent to approximately RMB36,080,000).

The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sales and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the carrying amount of relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the manufacturing and trading operations as discontinued operations.

The results of the discontinued business for the six months ended 30 June 2018 and 2017 were as follows:

	Six months ended 30 June 2018 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)
Revenue	**–**	43,658
Cost of sales	**–**	(36,170)
Gross profit	**–**	7,488
Other income	**–**	8,613
Selling and distribution expenses	**–**	(1,327)
Administrative expenses	**–**	(7,450)
Other operating expenses	**–**	(316)
Finance costs	**–**	(1,972)
Profit before tax	**–**	5,036
Income tax	**–**	–
Profit and total comprehensive income for the period from discontinued operations	**–**	5,036
Gain on disposal of subsidiaries	**1,050**	–
	1,050	5,036
Profit and total comprehensive income for the period from discontinued operations attributable to:		
– Owners of the Company	**1,050**	2,568
– Non-controlling interests	**–**	2,468
Profit and total comprehensive income for the period from discontinued operations	**1,050**	5,036

23. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALES *(continued)*

Profit for the period from discontinued operations has been arrived at after charging (crediting):

	Six months ended 30 June 2017 RMB'000 (Unaudited)
Salaries and allowances	2,245
Contributions to retirement benefits scheme	653
Total staff costs	2,898
Gain on disposal of property, plant and equipment	(12)
Interest income	(842)
Cost of inventories recognised as an expense	36,170
Impairment loss recognised in respect of property, plant and equipment	389
Impairment loss recognised in respect of trade receivables	4,333
Amortisation of prepaid lease payment	149
Depreciation of property, plant and equipment	1,915

	Six months ended 30 June 2017 RMB'000 (Unaudited)
Net cash generated from operating activities	29,111
Net cash generated from investing activities	1,514
Net cash used in financing activities	(2,810)

24. DISPOSAL OF SUBSIDIARIES

(A) DISPOSAL OF ITS 51% EQUITY INTERESTS IN DISPOSAL GROUP

Pursuant to a sale and purchase agreement dated 26 July 2017, the Group agreed to dispose of the 51% equity interests in Disposal Group to a non-controlling interest shareholder for a total consideration of HK$41,000,000 (equivalent to approximately RMB36,080,000). Details are set out in note 23. On 10 January 2018, the disposal of Disposal Group was completed as the control of Disposal Group was passed to the acquirer.

Upon the completion, the Company ceased to hold any interest in Disposal Group. The net assets of Disposal Group at the date of disposal were as follows:

ANALYSIS OF ASSETS AND LIABILITIES OVER WHICH CONTROL WAS LOST

	RMB'000
Property, plant and equipment	51,111
Prepaid lease payments	10,372
Inventories	13,069
Trade and other receivables	4,231
Bank balances and cash	108,487
Trade and other payables	(29,783)
Bank borrowings	(88,800)
Net assets disposed of	68,687

	RMB'000
Cash consideration	36,080
Net assets disposed	(68,687)
Non-controlling interest	33,657
Gain on disposal	1,050

Net cash outflow on disposal of subsidiary	RMB'000
Cash consideration	36,080
Consideration receivables	(20,214)
Bank balances and cash	(108,487)
	(92,621)

24. DISPOSAL OF SUBSIDIARIES *(continued)*

(B) DISPOSAL OF ITS 100% EQUITY INTERESTS IN EAST FORUM INTERNATIONAL LIMITED (TOGETHER WITH ITS SUBSIDIARIES COLLECTIVELY REFERRED TO AS "EAST FORUM GROUP")

Pursuant to a sale and purchase agreement dated 11 June 2018, the Group agreed to dispose of the entire equity interests in East Forum Group to an independent third party for a total consideration of HK$7,900,000 (equivalent to approximately RMB6,478,000). On 29 June 2018, the disposal of East Forum Group was completed as the control of East Forum Group was passed to the acquirer.

Upon the completion, the Company ceased to hold any interest in East Forum Group. The net assets of East Forum Group at the date of disposal were as follows:

ANALYSIS OF ASSETS AND LIABILITIES OVER WHICH CONTROL WAS LOST

	RMB'000
Bank balances and cash	38,677
Bank borrowings	(33,000)
Net assets disposed of	5,677

	RMB'000
Cash consideration	6,478
Net assets disposed	(5,677)
Gain on disposal	801

Net cash outflow on disposal of subsidiary	RMB'000
Cash consideration	6,478
Consideration receivables	(6,478)
Bank balances and cash	(38,677)
	(38,677)

25. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, the Group also had the following transactions with its related parties during the interim period:

(A) TRANSACTIONS

Name of company	Notes	Nature of transaction	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Related companies:				
TVB	i	Licensing income	**6,633**	–
		Commission income	**28**	–
		Service income	**–**	929
		Service fee	**(4,881)**	–
		Licensing fee	**–**	(400)
Shaw Brothers Pictures Limited	ii	Service fee	**–**	(1,680)
TVBI Company Limited	iii	Commission income	**–**	34
MyTV Super Limited	iv	Commission income	**12**	–

Notes:

(i) The fees were received from (paid to) TVB. TVB held equity interest in the Company and Mr. Li Ruigang, the chairman, director and substantial shareholder of the Company also held interests and directorship in TVB.

(ii) The fee was paid to Shaw Brothers Pictures Limited, a subsidiary of TVB.

(iii) The fee was received from TVBI Company Limited, a subsidiary of TVB.

(iv) The fee was received from MyTV Super Limited, a subsidiary of TVB.

The fees received from (paid to) related companies are based upon mutually agreed terms and conditions.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Short-term benefits	**617**	680
Post-employment benefits	**7**	31
	624	711

The remuneration of directors and other members of key management are determined by the remuneration committee having regard to the performance of the individuals and market trends.