

SHAW BROTHERS (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

2003/2004 INTERIM RESULTS ANNOUNCEMENT

The Directors of Shaw Brothers (Hong Kong) Limited (the "Company") are pleased to announce the Group's unaudited interim results for the six months ended 30th September 2003, the details of which are given below. These results have been reviewed by the Audit Committee of the Board of Directors who have in their review accepted the unaudited published accounts of Television Broadcasts Limited for the six months ended 30th June 2003 which have been included in the Group's accounts.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2003

	Note	Unaudited Six months ended 30th September	
		2003 HK\$'000	2002 HK\$'000
Turnover	2	25,127	30,721
Cost of sales		(11,048)	(8,922)
Gross profit		14,079	21,799
Other revenues	3	7,408	8,546
Selling and distribution expenses		(724)	(964)
Property related expenses		(3,937)	(4,027)
General and administrative expenses		(10,180)	(12,045)
Other operating expenses		(9,849)	(14,466)
Operating loss	4	(3,203)	(1,157)
Finance costs		-	(1)
Share of profits less losses of associated companies		44,165	49,618
Profit before taxation		40,962	48,460
Taxation	5	(5,218)	(7,774)
Profit attributable to shareholders		35,744	40,686
Interim dividend		19,920	19,920
Interim dividend per share		HK\$0.05	HK\$0.05
Earnings per share	6	HK\$0.09	HK\$0.10

Notes:

1. Change of accounting policy

In the current period the Group has changed its accounting policy on income taxes following its adoption of the revised Hong Kong Statement of Standard Accounting Practice ("SSAP") 12 "Income Taxes" issued by the Hong Kong Society of Accountants which is effective for accounting periods commencing on or after 1st January 2003.

Upon adoption of the revised SSAP 12, deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

The adoption of the revised SSAP 12 has no material impact on the current and prior periods' accounts.

2. Segment information

An analysis of the Group's revenues and contributions for the period by business segments is as follows:

	Six months ended 30th September 2003				
	Property rental HK\$'000	Film distribution HK\$'000	Filming facilities services HK\$'000	Investment holding HK\$'000	Group total HK\$'000
Turnover (Note)	8,927	2,762	13,438	-	25,127
Segment results	6,250	(899)	(2,935)	(2,607)	(191)
Unallocated items					(3,012)
Operating loss					(3,203)
Finance costs					-
Share of profits less losses of associated companies				44,165	44,165
Profit before taxation					40,962
Taxation					(5,218)
Profit attributable to shareholders					35,744

Note:

Turnover is after eliminating inter-segment transactions amounting to HK\$321,000 attributable to filming facilities services.

	Six months ended 30th September 2002				
	Property rental HK\$'000	Film distribution HK\$'000	Filming facilities services HK\$'000	Investment holding HK\$'000	Group total HK\$'000
Turnover (Note)	9,124	9,370	12,227	-	30,721
Segment results	6,397	(695)	(800)	(3,221)	1,681
Unallocated items					(2,838)
Operating loss					(1,157)
Finance costs					(1)
Share of profits less losses of associated companies				49,618	49,618
Profit before taxation					48,460
Taxation					(7,774)
Profit attributable to shareholders					40,686

Note:

Turnover is after eliminating inter-segment transactions amounting to HK\$660,000 attributable to filming facilities services.

An analysis of the Group's revenues and contributions for the period by geographical segments is as follows:

	Turnover Six months ended 30th September		Operating loss before finance costs Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	24,361	25,913	(3,156)	(1,139)
South East Asia	610	4,688	(50)	(49)
USA	-	90	-	25
Others	156	30	3	6
	25,127	30,721	(3,203)	(1,157)

3. Other revenues

	Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Management fee income	4,623	4,782
Interest income	2,024	3,315
Others	761	449
	7,408	8,546

4. Operating loss

Operating loss is stated after crediting and charging the following:

	Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Crediting		
Gross rental income less outgoings	8,735	8,914
Charging		
Depreciation charge	10,344	9,519
Less: amounts capitalised to inventories	(2,274)	(1,733)
	8,070	7,786
Amortisation of released films	2,789	8,777
Staff costs	15,864	16,743
Operating leases - land and buildings	232	236

5. Taxation

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the period (2002: nil). Tax on overseas profits has been calculated, where applicable, at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents the Group's share of taxation attributable to:

	Six months ended 30th September	
	2003 HK\$'000	2002 HK\$'000
Company and subsidiaries: Under provisions in prior periods	1,091	-
Associated companies: Hong Kong profits tax	1,585	7,727
Overseas taxation	1,054	539
Under provisions in prior periods	66	12
Deferred taxation relating to the origination and reversal of temporary differences	35	(504)
Deferred taxation resulting from an increase in tax rate	1,387	-
	4,127	7,774
	5,218	7,774

6. Earnings per share

The calculation of earnings per share is based on earnings for the period of HK\$35,744,000 (2002: HK\$40,686,000) and on 398,390,400 ordinary shares in issue throughout the two six-month periods ended 30th September 2003 and 2002.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 5.0 cents per ordinary share, payable on 27th January 2004 to shareholders whose names appear on the Register of Members of the Company on that date, and will absorb HK\$ 19,919,520.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Saturday, 10th January 2004 to Tuesday, 27th January 2004, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 17th Floor, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Friday, 9th January 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Rental

Property rental income was mainly derived from leasing office premises to our associated company, Television Broadcasts Limited.

Film Distribution

One film produced last year was released during the period. The economic weakness continued into year 2003 and the movie industry was one of those worse affected. Consequently the box office takings was very poor.

Quota-free distribution of Hong Kong made movies has been introduced under the liberalization of trade in services between mainland China and Hong Kong. Hence, we are contemplating producing 6 movies next year.

Filming Facilities Services

Contribution from the Film Remastering Centre was HK\$1,359,000, and is expected to remain at the same level for the rest of the year.

Redevelopment of Clearwater Bay Site

By letter dated 29th October 2003, the Sai Kung District Planning Office issued an amended planning brief and, based on the amendments, a revised Master Layout Plan will be submitted for consideration by the Town Planning Board.

Associated Companies

Contribution from Television Broadcasts Limited to Group profits fell by 10.86% and the dividend income remained the same as last year.

Movie City Project

The superstructure work is progressing to schedule, and completion of the first phase, namely the administration block and the post production suites, is expected to be completed by July 2004.

Financial

The Group had no significant external borrowing and 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.

Contingent Liabilities

As at 30th September 2003, the Group and the Company did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2003, the Group employed a total of 184 full time employees, all in Hong Kong. During the period under review, there was no significant change in the Group's remuneration policies.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2003, 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

Throughout the six months ended 30th September 2003, the Company was in compliance with the Code of Best Practice 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, save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's Interim Report and unaudited condensed accounts for the six months ended 30th September 2003.

Run Run Shaw
Executive Chairman

Hong Kong, 3rd December 2003

The interim report of the Company for the six months ended 30th September 2003 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website within 14 days from the date of this announcement.