



Alibaba Pictures Group Limited
阿里巴巴影业集团有限公司



INTERIM REPORT
2021 / 22

Stock Code: 1060

This Interim Report is printed on environmentally friendly paper ♻️

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)

Mr. Li Jie (*President*)

Mr. Meng Jun (*Chief Financial Officer*)

Non-Executive Director

Mr. Liu Zheng (*Appointed on October 18, 2021*)

Independent Non-Executive Directors

Ms. Song Lixin

Mr. Tong Xiaomeng

Mr. Johnny Chen

EXECUTIVE COMMITTEE

Mr. Fan Luyuan (*Committee Chairman*)

Mr. Li Jie

Mr. Meng Jun

REMUNERATION COMMITTEE

Mr. Tong Xiaomeng (*Committee Chairman*)

Mr. Fan Luyuan

Ms. Song Lixin

AUDIT COMMITTEE

Mr. Johnny Chen (*Committee Chairman*)

Ms. Song Lixin

Mr. Tong Xiaomeng

NOMINATION COMMITTEE

Mr. Fan Luyuan (*Committee Chairman*)

Mr. Tong Xiaomeng

Mr. Johnny Chen

COMPANY SECRETARY

Ms. Lew Aishan Nicole

SOLICITOR

Mayer Brown

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and

Registered Public Interest Entity Auditor

WEBSITE

www.alibabapictures.com

PRINCIPAL BANKERS

China CITIC Bank International Limited

China Merchants Bank Co., Ltd.

Bank of Communications Co., Ltd.

The Hongkong and Shanghai Banking
Corporation Limited

Citibank (China) Co., Ltd.

East West Bank

JPMorgan Chase Bank, N.A.

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

Level 54, Hopewell Centre,

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STOCK CODE

Stock Code on The Stock Exchange of

Hong Kong Limited: 1060



羅兵咸永道

Report on Review of Interim Financial Information
To the Board of Directors of Alibaba Pictures Group Limited
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 36, which comprises the interim condensed consolidated balance sheet of Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at September 30, 2021 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, November 25, 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the six months ended	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	5	1,358,160	926,669
Cost of sales and services		(735,633)	(575,999)
Gross profit		622,527	350,670
Selling and marketing expenses		(200,048)	(69,130)
Administrative expenses		(544,600)	(415,209)
Impairment losses on financial assets, net		(89,256)	(80,079)
Other income	6	29,077	25,128
Other gains/(losses), net	7	105,865	(7,607)
Operating loss		(76,435)	(196,227)
Finance income	8	42,532	50,184
Finance expenses	8	(7,465)	(10,197)
Finance income, net		35,067	39,987
Share of losses of investments accounted for using the equity method	11	(26,235)	(8,609)
Impairment of investments accounted for using the equity method	11	–	(5,254)
Loss before income tax		(67,603)	(170,103)
Income tax credit	9	2,264	353
Loss for the period		(65,339)	(169,750)
Attributable to:			
Owners of the Company		(53,239)	(162,089)
Non-controlling interests		(12,100)	(7,661)
Loss per share attributable to owners of the Company for the period (expressed in RMB cents per share)	10		
– Basic		(0.20)	(0.61)
– Diluted		(0.20)	(0.61)

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended	
		September 30,	2020
		2021	(Unaudited)
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Loss for the period		(65,339)	(169,750)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of an associate	11	528	–
Currency translation differences		<u>(34,676)</u>	<u>(90,618)</u>
Other comprehensive loss for the period, net of tax		<u>(34,148)</u>	<u>(90,618)</u>
Total comprehensive loss for the period		<u>(99,487)</u>	<u>(260,368)</u>
Attributable to:			
Owners of the Company		(86,768)	(258,132)
Non-controlling interests		<u>(12,719)</u>	<u>(2,236)</u>
Total comprehensive loss for the period		<u>(99,487)</u>	<u>(260,368)</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	12	40,616	62,113
Investment property	12	21,981	22,562
Goodwill	12	3,551,116	3,551,116
Intangible assets	12	119,635	126,461
Right-of-use assets		157,058	244,868
Deferred income tax assets		13,778	11,453
Investments accounted for using the equity method	11	1,926,950	2,075,319
Film and TV rights and investments		220,450	221,413
Financial assets at fair value through profit or loss	4	1,168,616	1,131,683
Trade and other receivables, and prepayments	13	729,057	691,847
		<u>7,949,257</u>	<u>8,138,835</u>
Current assets			
Inventory		12,280	–
Film and TV rights and investments		2,047,144	1,305,498
Trade and other receivables, and prepayments	13	2,171,479	2,171,718
Current income tax recoverable		–	946
Financial assets at fair value through profit or loss	4	3,000	7,000
Cash and cash equivalents		3,444,801	3,897,802
Restricted cash		18,861	19,083
		<u>7,697,565</u>	<u>7,402,047</u>
Total assets		<u>15,646,822</u>	<u>15,540,882</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	14	5,424,905	5,424,523
Reserves		8,343,661	8,361,798
		<u>13,768,566</u>	<u>13,786,321</u>
Non-controlling interests		<u>37,026</u>	<u>51,617</u>
Total equity		<u>13,805,592</u>	<u>13,837,938</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
	Note		
Liabilities			
Non-current liabilities			
Borrowings	16	7,500	15,000
Deferred income tax liabilities		62,394	62,657
Lease liabilities		181,790	247,513
		<u>251,684</u>	<u>325,170</u>
Current liabilities			
Borrowings	16	15,000	15,000
Trade and other payables, and accrued charges	17	1,447,594	1,252,279
Contract liabilities		83,367	61,297
Current tax liabilities		405	243
Lease liabilities		43,180	48,955
		<u>1,589,546</u>	<u>1,377,774</u>
Total liabilities		<u>1,841,230</u>	<u>1,702,944</u>
Total equity and liabilities		<u>15,646,822</u>	<u>15,540,882</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserve RMB'000	Shareholder's contribution reserve RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the six months ended September 30, 2021 (Unaudited)											
At April 1, 2021	5,424,523	13,371,892	(264,317)	(1,071,288)	48,527	(170,587)	321,788	(3,874,217)	13,786,321	51,617	13,837,938
Loss for the period	-	-	-	-	-	-	-	(53,239)	(53,239)	(12,100)	(65,339)
Other comprehensive loss for the period	-	-	-	-	-	(33,529)	-	-	(33,529)	(619)	(34,148)
Total comprehensive loss for the period	-	-	-	-	-	(33,529)	-	(53,239)	(86,768)	(12,719)	(99,487)
Exercise of share options under share option scheme	14	382	2,535	-	-	-	(1,355)	-	1,562	-	1,562
Shares purchased for share award scheme	-	-	(10,062)	-	-	-	-	-	(10,062)	-	(10,062)
Shares vested under share award scheme	-	-	88,145	-	-	-	(88,145)	-	-	-	-
Value of employee services provided under share option scheme and share award scheme	15	-	-	-	-	-	77,513	-	77,513	-	77,513
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,872)	(1,872)
At September 30, 2021	5,424,905	13,374,427	(186,234)	(1,071,288)	48,527	(204,116)	309,801	(3,927,456)	13,768,566	37,026	13,805,592

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

	Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserve RMB'000	Shareholder's contribution reserve RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the six months ended September 30, 2020 (Unaudited)												
At April 1, 2020		5,421,652	13,358,534	(358,708)	(1,071,288)	48,527	(7,727)	285,292	(3,777,906)	13,898,376	78,094	13,976,470
Loss for the period		-	-	-	-	-	-	-	(162,089)	(162,089)	(7,661)	(169,750)
Other comprehensive (loss)/ income for the period		-	-	-	-	-	(96,043)	-	-	(96,043)	5,425	(90,618)
Total comprehensive loss for the period		-	-	-	-	-	(96,043)	-	(162,089)	(258,132)	(2,236)	(260,368)
Exercise of share options under share option scheme	14	2,275	10,505	-	-	-	-	(4,030)	-	8,750	-	8,750
Shares purchased for share award scheme		-	-	(5,991)	-	-	-	-	-	(5,991)	-	(5,991)
Shares vested under share award scheme		-	-	66,882	-	-	-	(66,882)	-	-	-	-
Value of employee services provided under share option scheme and share award scheme	15	-	-	-	-	-	76,624	-	-	76,624	-	76,624
Dividends paid to non- controlling interests		-	-	-	-	-	-	-	-	-	(2,165)	(2,165)
At September 30, 2020		5,423,927	13,369,039	(297,817)	(1,071,288)	48,527	(103,770)	291,004	(3,939,995)	13,719,627	73,693	13,793,320

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Cash used in operating activities	(552,654)	(108,136)
Income tax paid	866	–
	<u>(551,788)</u>	<u>(108,136)</u>
Net cash outflow from operating activities		
Cash flows from investing activities		
Proceeds from disposal of equity investments	138,743	–
Interest received	37,490	46,110
Change in investments in wealth management products, net	4,000	80,050
Proceeds from disposal of property, plant and equipment	3,478	–
Proceeds from derecognition of unlisted investments	1,727	122
Investment interest received on investments in wealth management products	61	3,803
Purchases of property, plant and equipment and investment property	(7,537)	(1,854)
Payment of acquisition of equity investments	(5,250)	–
Payment of acquisition of a subsidiary	(3,000)	(4,000)
Purchase of intangible assets	(60)	–
Change in bank deposits with the maturity over three months, net	–	(25,914)
Loans granted to an associate	–	(20,000)
Increase in unlisted equity investments	–	(80,000)
	<u>169,652</u>	<u>(1,683)</u>
Net cash inflow/(outflow) from investing activities		

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from financing activities		
Exercise of share options under share option scheme	1,562	9,304
Principal and interests elements of lease payments	(44,204)	(5,304)
Shares purchased for share award scheme	(10,062)	(5,991)
Repayment of borrowings	(7,500)	(358,550)
Dividends paid to non-controlling interests	(1,872)	(2,165)
Interest paid	(679)	(4,641)
	<u>(62,755)</u>	<u>(367,347)</u>
Net cash outflow from financing activities		
	(62,755)	(367,347)
Net decrease in cash and cash equivalents	(444,891)	(477,166)
Cash and cash equivalents at beginning of the period	3,897,802	4,004,528
Exchange losses on cash and cash equivalents	(8,110)	(75,602)
	<u>(453,001)</u>	<u>(552,770)</u>
Cash and cash equivalents at end of the period	<u>3,444,801</u>	<u>3,451,760</u>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”) form an internet-driven integrated platform that covers content production, promotion and distribution, IP licensing, cinema ticketing management and data services for the entertainment industry.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”). As at September 30, 2021, the Company is approximately 50.26% owned by Ali CV Investment Holding Limited (“Ali CV”). Ali CV is a wholly-owned subsidiary of Alibaba Investment Limited (“AIL”) which is in turn wholly-owned by Alibaba Group Holding Limited (“AGH”).

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended September 30, 2021 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended March 31, 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended March 31, 2021, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

2 BASIS OF PREPARATION (Continued)

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the current financial period. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

(b) New standards and amendments not yet adopted by the Group

Certain new standards and amendments have been issued but not yet effective on April 1, 2021 and not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Update reference to the conceptual framework	January 1, 2022
Amendments to HKAS 16	Proceeds before intended use	January 1, 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	January 1, 2022
Annual improvements	Annual improvements to HKFRS standards 2018-2020 cycle	January 1, 2022
Amendments to Accounting Guideline 5	Merger accounting for common control combinations	January 1, 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2023
HKFRS 17 and Amendments to HKFRS 17	Insurance contract	January 1, 2023
HKFRS Practice statement 2 and HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors	January 1, 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of assessing potential impact of the above new standards and amendments that are relevant to the Group upon initial application. According to the preliminary assessment, management does not anticipate any significant impact on the Group's consolidated financial position and consolidated results of operations upon adopting the above new standards and amendments. Management plans to adopt these new standards and amendments when they become mandatory.

3 ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2021.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at March 31, 2021.

There have been no material changes in the risk management policies since March 31, 2021.

4.2 Fair value estimation

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

*(Continued)*4.2 Fair value estimation *(Continued)*

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets that are measured at fair value at September 30, 2021 and March 31, 2021.

	As at September 30, 2021 (Unaudited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in wealth management products	–	–	3,000	3,000
Film and TV Investments, at fair value (current)	–	–	59,683	59,683
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	1,168,616	1,168,616
Film and TV Investments, at fair value (non-current)	–	–	220,450	220,450
Total assets	–	–	1,451,749	1,451,749
As At March 31, 2021 (Audited)				
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in wealth management products	–	–	7,000	7,000
Film and TV investments, at fair value (current)	–	–	84,013	84,013
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	1,131,683	1,131,683
Film and TV Investments, at fair value (non-current)	–	–	221,413	221,413
Total assets	–	–	1,444,109	1,444,109

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

4.3 Fair value measurements using significant unobservable inputs

The following table presents the significant changes in level 3 instruments for the six months ended September 30, 2021 and 2020.

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Investments in wealth management products		
Opening balance	7,000	250,750
Change in investment amount, net	(4,061)	(83,853)
Fair value changes (Note 7)	61	3,803
	<u>3,000</u>	<u>170,700</u>
Closing balance	3,000	170,700
For the six months ended		
September 30,		
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Unlisted investments		
Opening balance	1,131,683	860,883
Change in investment amount, net	–	80,000
Fair value changes (Note 7)	39,336	(9,955)
Derecognition	(1,727)	(122)
Currency translation differences	(676)	(7,160)
	<u>1,168,616</u>	<u>923,646</u>
Closing balance	1,168,616	923,646

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

4.3 Fair value measurements using significant unobservable inputs (Continued)

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Film and TV investments, at fair value		
Opening balance	305,426	398,193
Change in investment amount, net	–	14,001
Fair value changes (Note 7)	52,887	(7,550)
Derecognition	(77,217)	(6,653)
Currency translation differences	(963)	(2,776)
	<hr/>	<hr/>
Closing balance	280,133	395,215
	<hr/>	<hr/>

5 REVENUES AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors of the Company. Management has determined the operating segments based on the information reviewed by the board of directors of the Company for the purposes of allocating resources and assessing performance.

The board of directors of the Company considers the business from perspective of types of goods or services delivered or provided. During the six months ended September 30, 2021, the Group's operating and reportable segments are as follows:

- Content: the investment and production of entertainment content such as film and drama series both domestically and internationally.
- Technology: the construction of pan-entertainment infrastructure that promotes the digital upgrade of the entertainment sector. The business mainly comprises platform ticketing, digitalization business and others.
- IP merchandising and commercialization: to integrate the licensing and marketing functions by establishing a platform which can directly reach consumers and continually communicate and interact with them through content matrix in various forms, building a complete IP-to-business-to-consumer (“IP2B2C”) chain.

5 REVENUES AND SEGMENT INFORMATION (Continued)

For the six months ended September 30, 2021 (Unaudited)				
	Content RMB'000	Technology RMB'000	IP merchandising and commercialization RMB'000	Total RMB'000
Segment revenue				
– recognized at a point in time	416,701	323,308	229,538	969,547
– recognized over time	144,915	242,668	–	387,583
	<u>561,616</u>	<u>565,976</u>	<u>229,538</u>	<u>1,357,130</u>
Income from film and TV investments	–	1,030	–	1,030
Total segment revenue	<u>561,616</u>	<u>567,006</u>	<u>229,538</u>	<u>1,358,160</u>
For the six months ended September 30, 2020 (Unaudited)				
	Content RMB'000	Technology RMB'000	IP merchandising and commercialization RMB'000	Total RMB'000
Segment revenue				
– recognized at a point in time	522,163	142,548	155,908	820,619
– recognized over time	28,125	71,793	–	99,918
	<u>550,288</u>	<u>214,341</u>	<u>155,908</u>	<u>920,537</u>
Income from film and TV investments	–	6,132	–	6,132
Total segment revenue	<u>550,288</u>	<u>220,473</u>	<u>155,908</u>	<u>926,669</u>

5 REVENUES AND SEGMENT INFORMATION (Continued)

Segment revenue and results

	For the six months ended September 30, 2021 (Unaudited)			Total RMB'000
	Content RMB'000	Technology RMB'000	IP merchandising and commercialization RMB'000	
Segment revenue	561,616	567,006	229,538	1,358,160
Segment results	95,636	228,887	106,254	430,777
Unallocated selling and marketing expenses				(8,298)
Administrative expenses				(544,600)
Impairment losses on financial assets, net				(89,256)
Other income				29,077
Other gains, net				105,865
Finance income				42,532
Finance expenses				(7,465)
Share of losses of investments accounted for using the equity method				(26,235)
Loss before income tax				(67,603)

5 REVENUES AND SEGMENT INFORMATION (Continued)**Segment revenue and results** (Continued)

	For the six months ended September 30, 2020 (Unaudited)			
	Content	Technology	IP merchandising and commercialization	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	550,288	220,473	155,908	926,669
Segment results	102,308	100,727	82,041	285,076
Unallocated selling and marketing expenses				(3,536)
Administrative expenses				(415,209)
Impairment losses on financial assets, net				(80,079)
Other income				25,128
Other losses, net				(7,607)
Finance income				50,184
Finance expenses				(10,197)
Share of losses of investments accounted for using the equity method				(8,609)
Impairment of investments accounted for using the equity method				(5,254)
Loss before income tax				(170,103)

Comparative figures have been reclassified to conform with the changes in presentation adopted for the current period.

All of the segment revenue reported above is from external customers and there are no intersegment sales for both periods.

Segment results represent the gross profit generated or gross loss incurred by each segment after allocation of certain selling and marketing expenses. This is the measure reported to the board of directors of the Company for the purpose of resource allocation and performance assessments.

Segment assets and liabilities are not regularly reported to the board of directors of the Company and therefore information of separate segment assets and liabilities is not presented.

6 OTHER INCOME

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Investment income on loan receivable	14,025	16,489
Local government grants	7,793	2,081
Additional deduction of input VAT	4,771	3,493
Sundry income	2,488	3,065
	<u>29,077</u>	<u>25,128</u>
Total	29,077	25,128

7 OTHER GAINS/(LOSSES), NET

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Change in fair value of Film and TV investments at fair value (Note 4)	52,887	(7,550)
Change in fair value of unlisted investments (Note 4)	39,336	(9,955)
Gain on disposal of investments accounted for using the equity method	16,843	–
Change in fair value of investments in wealth management products (Note 4)	61	3,803
Net loss on disposal of property, plant and equipment	(7,338)	–
Compensation for the loss from film rights distribution	–	11,491
Losses from settlement of prepaid film deposits	–	(4,000)
Others	4,076	(1,396)
	<u>105,865</u>	<u>(7,607)</u>
Total	105,865	(7,607)

8 FINANCE INCOME, NET

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	37,429	43,586
– Exchange gains, net	5,103	6,598
	<u>42,532</u>	<u>50,184</u>
Finance expenses		
– Interest expenses on lease liabilities	(6,786)	(7,624)
– Interest expenses on bank borrowings	(679)	(2,573)
	<u>(7,465)</u>	<u>(10,197)</u>
Finance income, net	<u>35,067</u>	<u>39,987</u>

9 INCOME TAX CREDIT

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	(242)	(1,697)
Deferred income tax	2,506	2,050
	<u>2,264</u>	<u>353</u>

9 INCOME TAX CREDIT (Continued)

The Company, incorporated in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda, is exempted from Bermuda income tax.

Some of the subsidiaries, incorporated in BVI as exempted companies with limited liability under the Companies Law of BVI, are exempted from BVI income tax.

Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (the six months ended September 30, 2020: 25%) on the assessable income of each of the group companies, except that: (1) one subsidiary of the Company is taxed at preferential tax rate of 15% (the six months ended September 30, 2020: 15%) from January 1, 2019 to December 31, 2021 under the relevant PRC tax rules and regulations; and (2) one subsidiary of the Company, incorporated in Horgos, Xinjiang Province, is exempted from income taxes from the first year of generating revenue before December 31, 2020 and the exemption period is from January 1, 2017 to December 31, 2021 according to the relevant PRC tax rules and regulations.

No provision for Hong Kong and the USA profit tax has been made as the group companies operating in Hong Kong and the USA do not have any assessable profit for both periods.

10 LOSS PER SHARE

	For the six months ended September 30,	
	2021 (Unaudited) RMB cents	2020 (Unaudited) RMB cents
Basic/diluted loss per share	<u>0.20</u>	<u>0.61</u>

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for share award scheme during the period.

	For the six months ended September 30,	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	<u>53,239</u>	<u>162,089</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<u>26,605,261</u>	<u>26,588,384</u>

10 LOSS PER SHARE (Continued)**(b) Diluted**

Diluted earnings or loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares for the six months ended September 30, 2021 and 2020, which are share options and unvested awarded shares.

The computation of diluted loss per share for the six months ended September 30, 2021 and 2020 did not assume the issuance of any dilutive potential ordinary share since they are antidilutive, which would decrease the loss per share.

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements in investments accounted for using the equity method are as follows:

	For the six months ended	
	September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At April 1,	2,075,319	2,205,079
Additions	5,250	–
Disposal of investment in an associate	(121,900)	–
Share of losses of investments (Note a)	(26,235)	(8,609)
Share of other comprehensive income of an associate	528	–
Currency translation differences	(6,012)	(14,706)
Impairment (Note b)	–	(5,254)
	<hr/>	<hr/>
At September 30,	1,926,950	2,176,510
	<hr/>	<hr/>

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Notes:

- (a) When the most recently available financial statements of associates or joint ventures are different from the Group's reporting date, the Group may take advantage of the provision contained in HKAS 28 whereby it is permitted to include the attributable share of profit or loss of the associates or joint ventures based on the financial statements drawn up to a non-coterminous period end where the difference must be no greater than three months. Adjustments shall be made for the effects of significant transactions or events that occur between that date and the balance sheet date of the Group.

The financial year end date of the Group is March 31, which is different from those of the associates and joint ventures of the Group. The financial information of the Group's associates and joint ventures as at September 30, 2021 and 2020 are not available. As a result, the Group records its share of profit or loss of investments accounted for using the equity method on one quarter in arrear basis for the six months ended September 30, 2021 and 2020.

- (b) The Group determines whether interests in equity investment projects are impaired by regularly reviewing whether there are any indications of impairment in accordance with relevant accounting standards.

When impairment indicators of the equity investment projects are identified, management determines the recoverable amounts, which is the higher of its fair value less costs of disposals and its value in use. When value in use calculations are undertaken, management estimates the present value of estimated future cash flows expected to arise from their businesses.

12 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY, GOODWILL AND INTANGIBLE ASSETS

	Property, plant and equipment <i>RMB'000</i>	Investment property <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
At March 31, 2021				
Cost	367,962	23,240	3,607,047	222,763
Accumulated depreciation/amortization and impairment	(305,849)	(678)	(55,931)	(96,302)
Net book amount	62,113	22,562	3,551,116	126,461
For the six months ended September 30, 2021 (Unaudited)				
Opening net book amount as at April 1, 2021	62,113	22,562	3,551,116	126,461
Additions	7,537	–	–	60
Depreciation/amortization charge	(15,019)	(581)	–	(6,886)
Impairment	(3,199)	–	–	–
Disposals	(10,816)	–	–	–
Closing net book amount as at September 30, 2021	40,616	21,981	3,551,116	119,635
At September 30, 2021				
Cost	359,977	23,240	3,607,047	222,823
Accumulated depreciation/amortization and impairment	(319,361)	(1,259)	(55,931)	(103,188)
Net book amount	40,616	21,981	3,551,116	119,635

As at September 30, 2021, the Group does not have any material capital commitment (March 31, 2021: nil).

13 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	As at September 30, 2021			As at March 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (Note)						
– Related parties (Note 19(b))	689,112	–	689,112	838,612	–	838,612
– Third parties	948,617	–	948,617	847,430	–	847,430
Less: allowance for impairment of trade receivables	(156,937)	–	(156,937)	(148,245)	–	(148,245)
Trade receivables – net	1,480,792	–	1,480,792	1,537,797	–	1,537,797
Prepaid film deposits	10,000	46,000	56,000	40,000	10,000	50,000
Other prepayments	41,110	444	41,554	21,640	–	21,640
Other receivables arising from:						
– Receivables from related parties (Note 19(b))	81,350	–	81,350	62,537	–	62,537
– Loan receivables	–	825,998	825,998	–	833,915	833,915
– Receivables in relation to other film and TV investments	304,311	–	304,311	331,104	–	331,104
– Receivables in respect of reimbursement of distribution expenses	299,156	–	299,156	171,417	–	171,417
– Deductible VAT input	103,345	–	103,345	73,698	–	73,698
– Interest income receivables	48,382	–	48,382	54,678	–	54,678
– Refund receivable in relation to the restructuring of an associate	38,883	–	38,883	38,883	–	38,883
– Deposits receivables	21,480	–	21,480	11,986	–	11,986
– Receivables in respect of reimbursement of movie tickets refund	–	–	–	9,193	–	9,193
– Others	48,038	8,469	56,507	105,157	7,932	113,089
Less: allowance for impairment of prepayments and other receivables	(305,368)	(151,854)	(457,222)	(286,372)	(160,000)	(446,372)
Other receivables and prepayments – net	690,687	729,057	1,419,744	633,921	691,847	1,325,768
Total trade and other receivables, and prepayments	2,171,479	729,057	2,900,536	2,171,718	691,847	2,863,565

The fair values of the current portion of trade and other receivables approximate their carrying value.

13 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS (Continued)

Note:

The normal credit period granted to the debtors of the Group is generally within 1 year. Before accepting any new debtor, the Group assesses the potential debtor's credit quality and defines credit limits by debtor. Credit limits granted to debtors are reviewed regularly.

The following is an aging analysis of trade receivables based on recognition date:

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
0 – 90 days	430,499	770,424
91 – 180 days	199,740	420,304
181 – 365 days	794,273	16,844
Over 365 days	213,217	478,470
	<u>1,637,729</u>	<u>1,686,042</u>

14 SHARE CAPITAL

Ordinary shares of HK\$0.25 each, issued and fully paid:

	Number of shares	Share capital HK\$'000	Equivalent to RMB'000
At April 1, 2021	26,834,946,210	6,708,737	5,424,523
Exercise of share options under share option scheme	<u>1,840,200</u>	<u>460</u>	<u>382</u>
At September 30, 2021 (Unaudited)	<u>26,836,786,410</u>	<u>6,709,197</u>	<u>5,424,905</u>
At April 1, 2020	26,822,015,210	6,705,504	5,421,652
Exercise of share options under share option scheme	<u>10,111,000</u>	<u>2,528</u>	<u>2,275</u>
At September 30, 2020 (Unaudited)	<u>26,832,126,210</u>	<u>6,708,032</u>	<u>5,423,927</u>

15 SHARE-BASED PAYMENT

During the six months ended September 30, 2021 and 2020, share-based payment expenses recognized in the interim condensed consolidated statement of profit or loss include:

	For the six months ended	
	September 30,	2020
	2021	(Unaudited)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Share-based payment under the Share Option Scheme (Note a)	13,329	15,109
Share-based payment under the Share Award Scheme (Note b)	64,184	61,515
	77,513	76,624

(a) The Share Option Scheme

The 2012 Share Option Scheme (the "2012 Share Option Scheme") is adopted by the Company pursuant to a resolution passed by the Company's shareholders on June 11, 2012 for the primary purpose of providing incentives or rewards to any director, employee and other eligible participants who may make contribution to the Group. The 2012 Share Option Scheme has been terminated, and a new share option scheme has been adopted, on September 6, 2021.

The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes, must not exceed 30% of the total number of shares of the Company in issue from time to time.

Where the options are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such options are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the options are forfeited later.

The fair values of the options granted pursuant to the 2012 Share Option Scheme during the six months ended September 30, 2021 are as below:

	Unaudited
	Fair value
	RMB'000
Grant date	
June 16, 2021	7,557

15 SHARE-BASED PAYMENT (Continued)**(a) The Share Option Scheme (Continued)**

The weighted average fair value of options granted during the six months ended September 30, 2021 determined using the binomial model was HK\$0.548 per option. The subjectivity and uncertainty of the values of options are subject to a number of assumptions and the limitation of the model. The significant inputs into the model were weighted average share price of HK\$1.060 at the grant date, weighted average exercise price of HK\$1.066, volatility of 40%-45.39%, zero expected dividend yield, a contractual option life of ten years, and an annual risk-free interest rate of 1.55%-1.74%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 10 years.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in the interim condensed consolidated statement of profit or loss, with a corresponding adjustment to the share option reserve.

Movements of the share options granted by the Company pursuant to the Share Option Scheme are as below:

	For the six months ended September 30, 2021 (Unaudited)		For the six months ended September 30, 2020 (Unaudited)	
	Weighted average exercise price in HK\$ per share option	Number of share options	Weighted average exercise price in HK\$ per share option	Number of share options
Opening balance	1.236	261,538,100	1.288	231,197,500
Granted	1.066	16,725,000	1.092	92,447,400
Exercised	1.022	(1,840,200)	0.961	(10,111,000)
Lapsed	1.309	(17,428,300)	1.266	(30,222,800)
Closing balance	1.222	258,994,600	1.238	283,311,100

Note:

For the six months ended September 30, 2021, value of employee services provided under the Share Option Scheme recognized in the interim condensed consolidated statement of profit or loss was RMB13,329,000 (the six months ended September 30, 2020: RMB15,109,000).

15 SHARE-BASED PAYMENT (Continued)

(b) Share Award Scheme (the “Share Award Scheme”)

On December 30, 2016 (“Adoption Date”), the Company adopted the Share Award Scheme as approved by the board of directors of the Company. The purpose of the Share Award Scheme is to (a) recognize the contributions by certain persons, including employees of the Group, any company in which a group company may have direct or indirect investment in 20% or more of its voting powers and AGH (including its subsidiaries) to provide incentives thereto to retain them for the continual operation and development of the Group and (b) attract suitable personnel for further development of the Group.

The Group has established a trust (“Share Award Trust”) to hold and administer the Company’s shares before they are vested and transferred to selected grantees. Upon granting of shares to selected grantees, the awarded shares are either subscribed by the allotment and issuance of new shares of the Company or purchased from the open market by the Share Award Trust (with funds provided by the Company by way of settlement or otherwise contributed by the Company).

Subject to any early termination determined by the board of directors of the Company, the Share Award Scheme shall be valid and effective for a term commencing on the Adoption Date and ending on the first to happen of the following, namely:

- (a) the 15th anniversary date of the Adoption Date;
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (c) the date as may be informed by the Company that the Share Award Scheme shall be terminated.

Where shares are forfeited prior to the vesting date to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed on the effective date of the forfeiture. No further adjustments should be made after the vesting date, regardless of whether the shares are forfeited later.

15 SHARE-BASED PAYMENT (Continued)**(b) Share Award Scheme (the “Share Award Scheme”)** (Continued)

As at September 30, 2021, the remaining life of the Share Award Scheme is approximately 10.5 years.

The board of directors of the Company shall not make any further award which will result in the aggregate number of shares awarded by the board of directors of the Company or held by the Share Award Trust under the Share Award Scheme to be in excess of 2% of the issued share capital of the Company from time to time. The maximum number of shares (including both vested and non-vested shares) which may be awarded to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Share Award Trust shall not exercise the voting rights in respect of any shares held by it under the Share Award Scheme. Dividends declared for any shares held by the Share Award Trust shall become part of the trust fund for future purchase of shares.

Movements of the awarded shares granted by the Company pursuant to the Share Award Scheme are as below:

	For the six months ended September 30, 2021 (Unaudited)		For the six months ended September 30, 2020 (Unaudited)	
	Weighted average fair value in HK\$ (per share)	Number of awarded shares	Weighted average fair value in HK\$ (per share)	Number of awarded shares
Opening balance	1.319	292,369,426	1.360	291,164,800
Granted	1.024	173,223,746	1.081	165,041,100
Vested	1.257	(70,127,675)	1.022	(65,474,425)
Lapsed	1.189	(40,157,626)	1.263	(35,424,700)
Closing balance	1.202	<u>355,307,871</u>	1.303	<u>355,306,775</u>

Note:

The fair value of awarded shares charged to the interim condensed consolidated statement of profit or loss is RMB64,184,000 during the six months ended September 30, 2021 (the six months ended September 30, 2020: RMB61,515,000).

16 BORROWINGS

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
Current	15,000	15,000
Non-current	7,500	15,000
	<u>22,500</u>	<u>30,000</u>

Movements in borrowings are analysed as follows:

	For the six months ended September 30, 2021		
	Current (Unaudited) RMB'000	Non-current (Unaudited) RMB'000	Total (Unaudited) RMB'000
Opening amount as at April 1	15,000	15,000	30,000
Reclassification from non-current to current borrowing	7,500	(7,500)	–
Repayments of bank borrowings	(7,500)	–	(7,500)
Closing amount as at September 30	<u>15,000</u>	<u>7,500</u>	<u>22,500</u>

Notes:

- (a) As at September 30, 2021, the RMB-denominated borrowings are secured by fixed assets amounting to approximately RMB10,973,000 (31 March, 2021: RMB15,706,000).
- (b) The fair values of current and non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

17 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
Trade payables (Note)		
– Related parties (Note 19(c))	46,493	34,307
– Third parties	261,968	285,188
	<u>308,461</u>	<u>319,495</u>
Other payables and accrued charges		
Amounts due to related parties (Note 19(c))	92,047	80,429
Payables in relation to distribution of films	692,952	347,155
Payroll and welfare payable	116,001	119,834
Accrued marketing expense	103,585	106,724
Amounts received on behalf of cinema ticketing system providers	49,672	62,223
Professional fees payable	16,781	24,998
Amounts received on behalf of cinemas	14,450	116,351
Other tax payable	13,376	42,160
Deposits from customers	10,755	10,471
Consideration payable for acquisition of a subsidiary	3,000	6,000
Others	26,514	16,439
	<u>1,139,133</u>	<u>932,784</u>
Total trade and other payables, and accrued charges	<u>1,447,594</u>	<u>1,252,279</u>

The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature or interest-bearing nature.

17 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES (Continued)

Note:

The aging analysis of the trade payables based on invoice date is as follows:

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
0 – 90 days	124,795	226,879
91 – 180 days	118,617	54,239
181 – 365 days	31,976	24,214
Over 365 days	33,073	14,163
	308,461	319,495

18 DIVIDENDS

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended September 30, 2021 (the six months ended September 30, 2020: nil).

19 RELATED PARTY TRANSACTIONS

As at September 30, 2021, the Company is 50.26% owned by Ali CV. The remaining 49.74% of the Company's shares are widely held. The ultimate parent of the Company is AGH, a company whose shares are listed on New York Stock Exchange and Hong Kong Stock Exchange and incorporated in the Cayman Islands.

Save as disclosed elsewhere in this condensed consolidated interim financial information, the following transactions are carried out with related parties:

(a) Transactions with related parties

	For the six months ended September 30, 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Provision of services to AGH's subsidiaries	122,284	71,401
Sales of film and TV copyrights to AGH's subsidiaries	109,002	333,140
Purchase of services from AGH's subsidiaries	65,431	43,024
Purchase of services from related companies of AGH	15,418	6,842
Sales of film and TV copyrights to an associate	3,000	–
Provision of services to an associate	2,260	–

In the opinion of the Company's directors, the above related party transactions are carried out in the ordinary course of business and in accordance with the terms of the underlying agreements.

19 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances due from related parties

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
Trade receivables		
Amounts due from AGH's subsidiaries	644,734	662,630
Amounts due from associates	42,730	166,883
Amounts due from related companies of AGH	1,648	9,099
Other receivables		
Amounts due from associates and joint venture	60,591	60,591
Amounts due from AGH's subsidiaries	19,958	1,788
Amounts due from related companies of AGH	801	158

Amounts due from related parties are unsecured, non-interest bearing and due in accordance with the terms of the underlying agreements.

As at September 30, 2021, the Group has placed deposits amounted to RMB190,879,000 (March 31, 2021: RMB251,618,000) in the Group's settlement accounts maintained with Alipay.com Co., Ltd (a related company of AGH), which had been recorded as 'cash and cash equivalents' in the consolidated balance sheet.

19 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances due to related parties

	As at September 30, 2021 (Unaudited) RMB'000	As at March 31, 2021 (Audited) RMB'000
Trade payables		
Amounts due to a related company of AGH	34,793	21,459
Amounts due to AGH's subsidiaries	7,826	9,432
Amounts due to associates	3,874	3,416
Other payables		
Amounts due to AGH's subsidiaries	87,382	75,626
Amounts due to associates	4,468	4,685
Amounts due to related companies of AGH	197	118
	<u> </u>	<u> </u>

Amounts due to related parties are unsecured, non-interest bearing and due in accordance with the terms of the underlying agreements.

(d) Key management compensation

The compensation paid or payable to key management for employee services is shown below:

	For the six months ended September 30, 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Salaries, allowances and other benefits	5,262	4,963
Share-based payments	8,951	7,371
	<u> </u>	<u> </u>
	14,213	12,334

INTERIM DIVIDEND

The board of directors (the “Board”) of Alibaba Pictures Group Limited (the “Company”) has resolved not to declare an interim dividend for the six months ended September 30, 2021 (For the six months ended September 30, 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of the 2021/22 financial year, while the lingering COVID-19 pandemic brought uncertainties and challenges to the film business, the Group has, after years of development and deployment, grown into a company that penetrates the pan-entertainment industry, relying on content, technology, IP commercialization and pop retail business as the engines to drive its growth. Alongside the continued growth of China’s economy, the Group has persevered with its dual-drive strategy featuring “content + technology”, centering on content and building on strengths of its technology platform to explore multiple business models, with a view to expanding the boundaries of the film and television industry by unifying upstream and downstream operations, as well as online and offline channels throughout the industry chain.

The Group recorded revenue of approximately RMB1,358 million for the six months ended September 30, 2021 (the “Reporting Period”), as compared with revenue of approximately RMB927 million for the six months ended September 30, 2020 (the “Previous Period”). We achieved significant growth in revenue for the Reporting Period, benefiting from the steady recovery of the film industry as a result of the effective control of the pandemic in China, as well as from the year-over-year growth in the IP merchandising and commercialization business that was supported by the Group’s leveraging of its advantages in a wide range of IPs and content reserves for continued deployment in potential markets. Operating loss substantially narrowed by over 60% from approximately RMB196 million for the Previous Period to approximately RMB76 million for the Reporting Period. Benefiting from a diversified business structure and enhanced operational efficiency, the adjusted EBITA recorded a loss of approximately RMB5 million, nearly achieving break-even, representing a significant decrease of nearly RMB100 million as compared with the loss of approximately RMB104 million for the Previous Period.

The major indicators of financial results for the Reporting Period and the Previous Period are summarized in the table below:

	For the six months ended September 30, 2021 RMB'000	For the six months ended September 30, 2020 RMB'000
Operating loss	(76,435)	(196,227)
Add:		
Share-based compensation	77,513	76,624
Amortization of intangible assets arising on business combinations	6,321	7,418
Allowance for and disposal of impairment of long-term assets	41,756	–
Profit or loss on equity investment and change in fair value, net	(54,165)	8,069
The adjusted EBITA	(5,010)	(104,116)

Comparative figures have been adjusted to conform with the changes in presentation adopted for the current year

The segment revenue and results for the Reporting Period and the Previous Period are summarized in the table below:

	For the six months ended September 30,			
	Segment revenue		Segment results	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Content	561,616	550,288	95,636	102,308
Technology	567,006	220,473	228,887	100,727
IP merchandising and commercialization	229,538	155,908	106,254	82,041
Total	1,358,160	926,669	430,777	285,076

Note: Segment results = revenue - cost of sales and services - allocated selling and marketing expenses

During the Reporting Period, the Group recorded total revenue of approximately RMB1,358 million, representing an increase of approximately RMB432 million as compared with the corresponding period of last year. Benefiting from ongoing increased investment in and accurate insights into quality content, revenue from film content saw substantial year-on-year growth, contributing to the revenue of approximately RMB562 million recorded by the content segment during the Reporting Period. With the recovery of the film market in China, the revenue of platform ticketing and digitalization business posted a significant increase. As a result, the technology segment recorded revenue of approximately RMB567 million during the Reporting Period, representing an increase of approximately RMB347 million from approximately RMB220 million for the corresponding period of last year. Building on our reserve of quality content (including films, TV dramas and variety shows) and IPs of Alibaba Digital Media and Entertainment Group as a whole, as well as continually enhanced communication channels with consumers, the IP merchandising and commercialization segment recorded revenue of approximately RMB230 million during the Reporting Period, representing an increase of 47% as compared with approximately RMB156 million for the corresponding period of last year.

CONTENT

Content business is a significant core business of the Group, mainly comprising film content, drama series content and others.

In the first half of the 2021/22 financial year, the total domestic box office revenue reached approximately RMB16.8 billion, representing an increase of approximately RMB10.7 billion year-on-year. The recovery of film market reflected the effective control of the pandemic and overall economic rebound in China. Benefiting from the domestic macroeconomic environment and upholding the value of ordinary people performing heroic deeds that have major emotional appeal while promoting positive values, the Group produced and distributed many highly acclaimed films, including *Chinese Doctors* (中國醫生), adapted from real stories in combating the pandemic; and *The Battle at Lake Changjin* (長津湖), which advocated heroic spirit and patriotism. During the first half of the 2021/22 financial year, the Group participated in the production and distribution of 22 films, contributing approximately RMB6.8 billion to box office, accounting for 57% of the total, demonstrating our insight into high-quality content. Six of these films became top 10 domestic films by box office for the corresponding period, including *Chinese Doctors* (中國醫生), the box office champion among domestic films; *Cliff Walkers* (懸崖之上), the box office champion during the Labor Day holiday; *Sister* (我的姐姐), the box office champion during the Qingming Festival holiday; and *Green Snake* (白蛇2：青蛇劫起), the highest-grossing animated film during the summer school holiday. To introduce more exciting stories to the audience and widely promote positive values in society, the Group has been enriching its content reserve and strengthening its own capabilities of content development and production. In the first half of the 2021/22 financial year, the Group and Youku agreed to cooperate with writer Zijin Chen to develop two film & drama IPs, namely *The Long Night* (長夜難明) and *Low IQ Crime* (低智商犯罪). In the second half of the 2021/22 financial year, *The Battle at Lake Changjin* (長津湖), a film produced and distributed by the Group, temporarily ranked first in terms of global box office in 2021 with approximately RMB5,695 million, being the highest gross box office film of all time in China. Other outstanding productions such as *Watergate Bridge* (水門橋) and *Sheep Without a Shepherd II* (誤殺2), *Advancing of ZQ* (超能一家人) and *Only Fools Rush In* (四海), will be released in the 2021/22 financial year.

In addition to its significant investment in cinema films, the Group has been expanding the content racetrack and enhancing its capability to produce quality content. During the Reporting Period, the Group further increased its content reserve in different categories and set up multiple drama series studios centred around producers to help professional teams develop content production and development capabilities. During the Reporting Period, a number of drama series jointly produced by the Group were released on major television stations and internet platforms, including *Be Your Self* (機智的上半場), a self-produced youth drama series released on the Love Theatre (寵愛劇場) of Youku which hit the Hot Search List of major platforms several times, gaining top popularity during its broadcast; *Hello Procurator* (你好·檢察官), a drama series focusing on the procurator profession which was broadcast both on TV and online platforms during the Reporting Period, recorded top three viewing rate of provincial TV primetime drama series; and *Medal of the Republic* (功勳), a major theme TV drama series organized by the National Radio and Television Administration, of which the Dunqi Self-Production Studio (敦淇自製劇工作室) of the Group had the honor to participate in the creation of some episodes, was well received with high viewing rates. In the second half of the 2021/22 financial year, the Group will continue to focus on quality content, with several drama series in the pipeline, including *Robot in the Orange Garden* (你好呀·我的橘子戀人) with romantic & science fiction themes, *Be Reborn* (重生之門), a suspenseful blockbuster drama, and costume drama *Love under the Floral Rain* (半城花雨伴君離), which are all either in the shooting or post-production stage. It is expected that eight of them will be released on major platforms upon delivery.

During the Reporting Period, the content segment recorded revenue of approximately RMB562 million, representing an increase of 2% as compared with approximately RMB550 million for the corresponding period of last year, and operating profit of approximately RMB96 million, which is broadly in line with that of the Previous Period.

Technology

Technology business is an important part of the Group's strategy and an essential force for the construction of pan-entertainment infrastructure that promotes the digital upgrade of the entertainment sector. The business mainly comprises platform ticketing, digitalization business and others.

Platform ticketing business comprises Tao Piao Piao (2C platform) and Yunzhi (2B platform). Not only is Tao Piao Piao the Group's key platform through which it provides ticketing services to cinemas, it is also a viewing decision-making platform for consumers at large. In the first half of the 2021/22 financial year, Tao Piao Piao continued to maintain its dominant position as a ticketing platform, and launched the "Taomai VIP" (淘麥VIP) membership system in collaboration with Damai, which connects movie and live performance scenarios to provide more services and benefits to users. Yunzhi is a digitalization product offering operation and management services to cinemas and a leading cloud-based product in the industry, which utilizes technology to help cinemas improve operational and management efficiency while reducing operating cost. During the Reporting Period, Yunzhi continued to rank first among peers in terms of the number of ticket-issuing cinemas using it.

Our digitalization platform business comprises the Group's content promotion and distribution platform established by integrating the promotion and distribution platform "Beacon" with total marketing solutions designer "Dark Horse" and content marketing agency "Taoxiu Media Group" into a closed-loop marketing process. The digitalization platform utilizes "Beacon Research" and "Beacon Professional", both digital platforms from "Beacon", to create the underlying prediction logic and business model for promotion and distribution. With the total marketing solutions provided by "Taoxiu Media Group" and "Dark Horse", promotion and distribution activities are carried out using the relevant tools, and the plans are continually optimized and enhanced based on market feedback. During the Reporting Period, "Beacon" extended the scenarios of performance, drama series, variety shows and online movies, and became an analysis and planning platform for the entire entertainment industry covering cinema films, performance, drama series and variety shows; by cooperating with the Ministry of Culture and Tourism, its live performance platform made live performance box office visible online for the first time, resulting in significant impact on the digital advancement of the live performance industry. As one of the top 20 multi-channel network (MCN) institutions on Douyin, the Group's content marketing agency "Taoxiu Media Group" conducts business based on content trends of films, drama series and variety shows, and focuses on short-and medium-form videos by signing up and cultivating KOLs to provide total marketing solutions, reputation marketing and channel advertising. During the Reporting Period, "Taoxiu Media Group" provided exclusive services, including live stream planning and content marketing for multiple projects of films, drama series and variety shows, including the cinema film *Fast & Furious 9* (速度與激情9) and drama series *Hello Procurator* (你好·檢察官), and undertook content marketing work for several online drama series and brands.

Other technology products of the Group also include Cloud Production business which is deeply integrated with the production of film and drama series content. As a digital product covering the entire production process and multiple production scenarios, Cloud Production is designed to advance the further industrialization of film industry. Featuring functions including crew member management, shooting management and financial management, it assists film and television companies and crews in monitoring project quality and the shooting progress, thereby improving the operational efficiency of crews and reducing the cost of projects. During the Reporting Period, Cloud Production launched a payroll tax filing product, which has been well received by the industry.

During the Reporting Period, benefiting from the recovery of film market from impact of the pandemic, the technology segment recorded revenue of approximately RMB567 million, representing an increase of 157% as compared with approximately RMB220 million for the corresponding period of last year, and operating profit of approximately RMB229 million, representing an increase of 127% year-over-year.

IP merchandising and commercialization

IP merchandising and commercialization business is a core business of the Group to expand the boundaries of the entertainment industry. As part of Alibaba ecosystem, it enables the Group to access and use many heartwarming and meaningful IPs to express and convey users' emotions and needs through content media such as films, drama series and variety shows, while providing a richer, more intimate and more tangible product experience. In addition to maximizing the synergies of the content ecosystem, the Group also enables the market to build a deeper connection with our stories and IP characters through online and offline scenarios.

In the first half of the 2021/22 financial year, the Group upgraded its IP merchandising and commercialization system and launched the pop toy brand "KOITAKE" and the pop IP and lifestyle grocery brand "KOILAND", building on its years of experience in IP and content business, user operation and promotion and distribution. Since the establishment of these brands, the Group has been dedicated to exploring the stories behind the content IP, creating different types of images and products with team of designers together based on the characters to meet the emotional needs of users. For example, the series of pop toys featuring the drama scenes and characters and designed based on the ancient style figures "TOFU" and "Moon White" (月白), which were created by us for popular drama series broadcast on Youku platform, delivered remarkable sales performance; the trendy, unique and personalized style of the "AZZO" image we created, combined with Youku's popular variety show *Street Dance of China* (這！就是街舞), successfully enriched the content and extended the life cycle of the IP; while pop toys and lifestyle grocery goods derived from the "Jelly" figure tailor-made for the popular drama series *Country Love* (鄉村愛情) have become a hot seller. To enhance brand recognition, the Group opened offline stores for "KOITAKE" and "KOILAND" in Hangzhou Intime and Shanghai Shimao Festival City respectively. These two stores, featuring a bright design style, have created an IP-themed immersive interactive consumer space, and have become popular spots for IP fans to exchange their feelings and express their love, and for internet celebrities to share their product experiences on social media. During the Reporting Period, the sales GMV of KOITAKE and KOILAND exceeded RMB50 million. In the second half of the 2021/22 financial year, the Group will continue to enrich its content IP reserve, incubate more diversified product series, and will broaden its online and offline channels to create content and products with greater market influence and enhanced brand recognition. Our key product lines include our film *Advancing of ZQ* (超能一家人) and the highly acclaimed drama series *The Awakening Age* (覺醒年代). More offline experience stores and online channels, such as LAZADA, are also being planned.

In addition to new brands, the Group has been consistently exploring the market potential of quality IPs. After years of accumulation, the Group's IP matrix covers diversified IPs in respect of animations and games, art and culture, films, dramas series and variety shows, sports and education, literature and music, etc. IP images with emotional power and influence have significantly strengthened the Group's ability to empower merchants and platforms. In the first half of the 2021/22 financial year, our professional IP design team helped merchants develop a number of co-branded products with distinctive designs, such as the stationery and home appliances series launched in collaboration with the "Universal-Minions" IP, and the co-branded grocery and water products jointly released with "KAKAO Friends", which have become hot sellers on the Tmall platform and popular products in our KOILAND offline stores. During the Reporting Period, the number of licensed customers served by the Group continued to increase, with more and more brands being attracted to and participating in license cooperation, with the number of customers increasing by 25% compared to the same period last year.

The Group is not only a discoverer of IP content, but also a service platform focusing on IPs. The Group has the capability to integrate licensing and marketing through in-depth cooperation with the Alibaba ecosystem (阿里巴巴生態體系), while building a complete IP2B2C chain through Tmall, facilitating brand incubation, ultimately facilitating the development of the PRC licensing industry as a whole through the power of the platform. During the Reporting Period, the number of new merchants under the Tmall pop toys category operated by Alifish grew by 120+, and the number of new users grew by 71% year-on-year. Marketing events were organized in conjunction with Tmall of which several reached over 100 million times dissemination and nearly 100 hot pop toys items were released.

During the Reporting Period, the IP merchandising and commercialization business maintained rapid growth in revenue and operating profit, recording a 47% increase in revenue to approximately RMB230 million, while its operating profit grew by 30% year-over-year to approximately RMB106 million.

PROSPECTS

With a focus on creating quality content for the entertainment industry, the Group reinforced its dual-drive strategy featuring “content + technology” to make significant investments in the pan-entertainment industry. Facing a complex market environment, the Group will adhere to its principle of investing in quality content, innovation initiatives and customer value, and continue to facilitate business upgrade for the long-term construction of three major areas: quality content, participation in new infrastructure of the entertainment industry and enrichment of the pan-entertainment ecosystem. The Group will continue to work closely with Alibaba ecosystem (阿里巴巴生態體系), and leverage its unique advantages in content and technology to enable diversified offerings based on content, time and space, with an aim to benefit more market players while supporting business growth.

Going forward, the Group will continue to:

1. further invest in all categories of entertainment content, and improve its capability to produce various content including films and drama series, with a view to remaining as a steady source of high-quality content for the market; and
2. expand the service scope of its technology platform to promote Internet penetration in and digital upgrading of the industry; explore multi-business models of IP merchandising and commercialization; and
3. work closely with the Alibaba ecosystem (阿里巴巴生態體系) to promote ecological cooperation across the industry and realize the potential of “content + technology”.

The Group expects to fund its business initiatives in the coming year with its own internal financial resources, but may seek external financing if appropriate opportunities and conditions arise.

FINANCIAL REVIEW

Revenue and Profit for the Period

During the Reporting Period, the Group recorded revenue of approximately RMB1,358 million, representing an increase of 47% year-over-year. The adjusted EBITA recorded a loss of approximately RMB5 million, nearly achieving breakeven, representing a significant decrease of 95% in loss from the loss of approximately RMB104 million recorded in the Previous Period. Comparing the two periods, benefiting from recovery of film market from pandemic, a diversified business structure and a reduction in impairment loss for financial products, net loss attributable to owners of the Company reduced from approximately RMB162 million for the Previous Period to approximately RMB53 million for the Reporting Period, representing a decrease of approximately RMB109 million year-over-year.

For the six months ended September 30, 2021, loss per share (basic and diluted) for the Group narrowed from RMB0.61 cents per share for the corresponding period of last year to RMB0.20 cents.

Selling, Marketing and Administrative Expenses

During the Reporting Period, selling and marketing expenses amounted to approximately RMB200 million, representing a year-on-year increase of approximately RMB131 million when compared with approximately RMB69 million for the Previous Period. The proportion of selling and marketing expenses in revenue increased from 7.5% to 14.7%, which was primarily due to the increase in marketing expenses of business operations as the film market recovered gradually from the impact of the pandemic.

Administrative expenses in the Reporting Period increased to approximately RMB545 million from approximately RMB415 million for the Previous Period, representing a year-on-year increase of approximately RMB130 million, which reflects incremental investment by the Group to improve its capability to produce content, to promote and distribute, and to explore new businesses, as well as increased operating expenses as the market recovered from the pandemic.

Finance Income

During the Reporting Period, the Group recorded net finance income of approximately RMB35 million, which included exchange gains of approximately RMB5 million. As the Group's cash reserves are held in multiple currencies, the exchange gain resulted mainly from the depreciation of RMB against USD in the Reporting Period.

Material Investments

As at September 30, 2021, the Group held 14 investments in joint ventures and associates, all of which were accounted for using the equity method, and combined for a total book value of approximately RMB1,927 million; the Group also held 15 investments in unlisted companies, all of which were accounted for as financial assets at fair value through profit or loss, and combined for a total book value of approximately RMB1,170 million.

The three largest investments of the Group were Bona Film Group Limited (“Bona Film”), Shanghai Tingdong Film Co., Ltd.* (上海亭東影業有限公司) and Storyteller Holding Co., LLC respectively, all of which are engaged in film production or distribution business. Among them, the investment in associate in relation to Bona Film constituted a significant investment of the Group, with an investment amount of approximately RMB840 million, which represented approximately 7.72% of the total interest in Bona Film. Bona Film is primarily engaged in film production and distribution business. As at September 30, 2021, the carrying amount of the Group’s long-term equity investment in Bona Film was approximately RMB1,000 million, representing 6% of the Group’s total assets. During the Reporting Period, the Group did not receive any dividend from its investment in Bona Film; and the Group recorded unrealized losses of approximately RMB10 million on this investment mainly due to changes in accounting policies of Bona Film. The management of the Company does not expect any significant adverse change to the investment in Bona Film in the second half of the 2021/22 financial year, but the value of such investment will remain under the impact of market performance in the future. During the Reporting Period, the Group adopted a conservative investment strategy towards its investment portfolio (including the investment in Bona Film).

Save for those disclosed in this report, the Group had no other plans for significant or material investments and capital assets as at September 30, 2021.

Financial Resources and Liquidity

As at September 30, 2021, the Group had cash and cash equivalents and bank deposits of approximately RMB3,464 million in multiple currencies. The Group held financial assets at fair value through profit or loss of approximately RMB3 million, which mainly consisted of investments in wealth management products issued by major banks in the PRC with expected return ranging from 3.00% to 3.30% per annum and redeemable within one year. During the Reporting Period, the Group recognized an investment income of approximately RMB60,000 from financial assets at fair value through profit or loss. The investments in wealth management products under financial assets at fair value through profit or loss were made in line with the Group’s treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. As at September 30, 2021, the Group had long-term borrowings of approximately RMB7.5 million and short-term borrowings of approximately RMB15 million, which bore interest at 6.555% per annum, under a five-year RMB-denominated bank facility with credit limit at approximately RMB48 million. As at September 30, 2021, the Group was in a net cash position and its gearing ratio (being net borrowings over total equity) was nil (March 31, 2021: nil). The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and sound capital position. The Group continually makes adjustments, when necessary, to maintain an optimal capital structure and to reduce the cost of capital.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals in relation to subsidiaries, associates and joint ventures during the Reporting Period.

Foreign Exchange Risks

The Company holds its cash reserves in RMB, USD and HKD. Although the majority of production costs and administrative expenses are denominated in RMB, many investment opportunities and collaborations with studios outside Mainland China still require foreign currencies. The Group will continue to monitor its capital needs closely and manage foreign exchange risks accordingly. The Group has not used any currency hedging instruments, but it aims to ensure that its exposure to exchange rate fluctuation is managed in a cost-effective manner through ongoing assessment.

Charge on Assets

As at September 30, 2021, the Group had pledged borrowings of approximately RMB22.5 million, which was secured by fixed assets of approximately RMB11 million (March 31, 2021: the Group had pledged borrowings of approximately RMB30 million, which was secured by fixed assets of approximately RMB16 million).

Contingent Liabilities

As at September 30, 2021, the Group did not have any material contingent liabilities (March 31, 2021: nil).

Employees and Remuneration Policies

As at September 30, 2021, the Group, including its subsidiaries but excluding its associates, had 1,348 (March 31, 2021: 1,163) employees. The total employee benefit expenses of the Group were approximately RMB350 million in the Reporting Period. The remuneration policies of the Group are determined based on prevailing market levels and performance of the respective group companies and individual employees. These policies are reviewed on a regular basis. In addition to salary, the Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, share options granted under the Company's share option scheme, awarded shares granted under the Company's share award scheme (the "Share Award Scheme"), contributory provident fund, social security fund, medical benefits and training.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at September 30, 2021, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the “SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Capacity	Number of Ordinary Shares held	Derivatives		Aggregate Interests	Approximate Percentage of Aggregate Interests to Total Issued Share Capital of the Company (Note 1)
			Share Options	Awarded Shares		
Fan Luyuan	Beneficial Owner	245,000	11,175,000	4,225,000	15,645,000	0.06%
Li Jie	Beneficial Owner	2,304,723	30,625,000	9,000,000	41,929,723	0.16%
Meng Jun	Beneficial Owner	46,447	2,280,000	847,500	3,173,947	0.01%

Note:

- Based on a total of 26,836,786,410 ordinary shares of the Company in issue as at September 30, 2021.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (Continued)

Long position in the shares and underlying shares of Alibaba Group Holding Limited (“AGH”), an associated corporation of the Company within the meaning of Part XV of the SFO

Name of Director	Capacity	Number of Shares/Underlying Shares held		Approximate Percentage of Aggregate Interests to Total Issued Share Capital of AGH
		(in the number of American Depositary Shares (“ADS(s)”) of AGH) (Note 1)	(in the number of ordinary shares of AGH) (Note 1)	
Fan Luyuan	Note 3	774,257	6,194,056	0.03%
Li Jie	Note 4	77,347	618,776	0.00%
Meng Jun	Note 5	14,016	112,128	0.00%
Xu Hong (Resigned as Director on October 18, 2021)	Note 6	57,380	459,040	0.00%
Tong Xiaomeng	Note 7	117,647	941,176	0.00%
Johnny Chen	Note 8	100	800	0.00%

Notes:

- One ADS of AGH represents eight ordinary shares of AGH; and one restricted share unit (“RSU(s)”) of AGH represents one ADS of AGH.
- Based on a total of 21,687,309,200 ordinary shares of AGH in issue as at September 30, 2021.
- The interest comprised (i) 2,900 ADSs of AGH and 23,251 RSUs of AGH held by Mr. Fan Luyuan; (ii) 748,106 ADSs of AGH held by a trust, of which Mr. Fan Luyuan is a founder.
- The interest comprised 45,645 ADSs of AGH and 31,702 RSUs of AGH held by Mr. Li Jie.
- The interest comprised (i) 6,268 ADSs of AGH and 5,625 RSUs of AGH held by Mr. Meng Jun; and (ii) 2,123 ADSs of AGH held by the spouse of Mr. Meng Jun.
- The interest comprised 23,130 ADSs of AGH and 34,250 RSUs of AGH held by Mr. Xu Hong.
- The interest comprised 117,647 ADSs of AGH held by Mr. Tong Xiaomeng.
- The interest comprised 100 ADSs of AGH held by Mr. Johnny Chen.

Save as disclosed above, as at September 30, 2021, none of the directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE INCENTIVE SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the “2012 Share Option Scheme”) on June 11, 2012, which was terminated on September 6, 2021. A new share option scheme was adopted by the Company on September 6, 2021.

Movements of the Share Options granted by the Company pursuant to the 2012 Share Option Scheme during the six months ended September 30, 2021 were as follows:

Category	Date of grant	Exercise price per share (HK\$)	Share Options were granted (HK\$)	Weighted average closing price of shares immediately before the date on which the Share Options were exercised (HK\$)	Outstanding as at April 1, 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at September 30, 2021	Vesting period (Notes)
Directors											
Fan Luyuan	05/06/2020	1.070	1.050	-	3,675,000	-	-	-	-	3,675,000	1(iv)
	16/06/2021	1.066	1.060	-	-	7,500,000	-	-	-	7,500,000	1(iv)
Li Jie	21/05/2018	0.912	0.910	-	5,000,000	-	-	-	-	5,000,000	1(ii)
	31/05/2019	1.630	1.600	-	6,000,000	-	-	-	-	6,000,000	1(ii)
Meng Jun	05/06/2020	1.070	1.050	-	14,000,000	-	-	-	-	14,000,000	1(ii)
	16/06/2021	1.066	1.060	-	-	5,625,000	-	-	-	5,625,000	1(ii)
Employees	05/06/2020	1.070	1.050	-	780,000	-	-	-	-	780,000	1(ii)
	16/06/2021	1.066	1.060	-	-	1,500,000	-	-	-	1,500,000	1(ii)
Employees	28/01/2015	1.670	1.650	-	600,000	-	-	-	-	600,000	1(i)
	13/04/2016	1.880	1.890	-	5,200,000	-	-	-	-	5,200,000	1(ii)
	03/06/2016	1.860	1.860	-	5,700,000	-	-	3,240,000	-	2,460,000	1(ii)
	05/12/2016	1.494	1.470	-	600,000	-	-	-	-	600,000	1(i)
	24/10/2017	1.276	1.270	-	6,200,000	-	-	-	-	6,200,000	1(ii)
	18/01/2018	1.060	1.070	-	1,200,000	-	-	-	-	1,200,000	1(i)
	21/05/2018	0.912	0.910	-	10,670,000	-	-	750,000	-	9,920,000	1(i)
	21/05/2018	0.912	0.910	1.080	31,800,000	-	50,200	1,749,800	-	30,000,000	1(ii)
	26/09/2018	1.020	1.010	1.078	11,499,000	-	890,000	1,060,000	-	9,549,000	1(i)
	26/09/2018	1.020	1.010	1.080	14,050,000	-	700,000	700,000	-	12,650,000	1(ii)
31/05/2019	1.630	1.600	-	7,800,000	-	-	-	-	7,800,000	1(i)	

SHARE INCENTIVE SCHEMES (Continued)

Share Option Scheme (Continued)

Category	Date of grant	Exercise price per share (HK\$)	Closing price of shares immediately before the date on which the	Weighted average closing price of shares immediately before the date on which the	Outstanding as at April 1, 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at September 30, 2021	Vesting period (Notes)
			Share Options were granted (HK\$)	Share Options were exercised (HK\$)							
	31/05/2019	1.630	1.600	-	36,944,500	-	-	2,003,500	-	34,941,000	1(ii)
	31/05/2019	1.630	1.600	-	3,600,000	-	-	-	-	3,600,000	1(ii)
	23/09/2019	1.340	1.320	-	1,400,000	-	-	-	-	1,400,000	1(i)
	23/09/2019	1.340	1.320	-	17,250,000	-	-	1,200,000	-	16,050,000	1(ii)
	15/01/2020	1.460	1.470	-	11,100,000	-	-	1,100,000	-	10,000,000	1(i)
	05/06/2020	1.070	1.050	1.080	40,469,600	-	200,000	2,625,000	-	37,644,600	1(ii)
	05/06/2020	1.070	1.050	-	1,500,000	-	-	-	-	1,500,000	1(i)
	11/09/2020	1.144	1.100	-	21,000,000	-	-	3,000,000	-	18,000,000	1(ii)
	11/09/2020	1.144	1.100	-	1,000,000	-	-	-	-	1,000,000	1(i)
	11/09/2020	1.144	1.100	-	2,500,000	-	-	-	-	2,500,000	1(ii)
	16/06/2021	1.066	1.060	-	-	2,100,000	-	-	-	2,100,000	1(i)
Total:					261,538,100	16,725,000	1,840,200	17,428,300	-	258,994,600	

SHARE INCENTIVE SCHEMES (Continued)**Share Option Scheme** (Continued)

Notes:

1. The Share Options granted under the 2012 Share Option Scheme are subject to a vesting schedule and can be exercised in the following manner:

(i) Category A

Vesting Date	Percentage that can be exercised
First vesting date (being second anniversary of employment commencement date)	Up to 50% of the Share Options granted
First anniversary of first vesting date	Up to 75% of the Share Options granted
Second anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category A commences on the date of commencement of employment of the relevant grantee, and the first vesting date falls on the second anniversary of the commencement date of employment.

(ii) Category B

Vesting Date	Percentage that can be exercised
First vesting date (being first anniversary of promotion effective date or performance incentive effective date or employment commencement date)	Up to 25% of the Share Options granted
First anniversary of first vesting date	Up to 50% of the Share Options granted
Second anniversary of first vesting date	Up to 75% of the Share Options granted
Third anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category B commences on promotion effective date, performance incentive effective date or the commencement date of employment of the relevant grantee, and the first vesting date falls on the first anniversary of the commencement date of the vesting period.

(iii) Category C

Vesting Date	Percentage that can be exercised
First vesting date (being second anniversary of March 19, 2019)	Up to 1/3 of the Share Options granted
Second anniversary of first vesting date	Up to 2/3 of the Share Options granted
Fourth anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category C commences on March 19, 2019, and the first vesting date falls on the second anniversary of the commencement date of the vesting period.

SHARE INCENTIVE SCHEMES (Continued)

Share Option Scheme (Continued)

Notes: (Continued)

1. (Continued)

(iv) Category D

Vesting Date	Percentage that can be exercised
First vesting date (being first anniversary of performance incentive effective date)	Up to 1/6 of the Share Options granted
First anniversary of first vesting date	Up to 2/6 of the Share Options granted
Second anniversary of first vesting date	Up to 3/6 of the Share Options granted
Third anniversary of first vesting date	Up to 4/6 of the Share Options granted
Fourth anniversary of first vesting date	Up to 5/6 of the Share Options granted
Fifth anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category D commences on performance incentive effective date of the relevant grantee, and the first vesting date falls on the first anniversary of the commencement date of the vesting period.

2. The period within which the Share Options must be exercised shall not be more than 10 years from the date of grant.

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme

The share award scheme of the Company ("Share Award Scheme") was adopted, amended and further amended by the Board on December 30, 2016, March 29, 2019 and January 17, 2020, respectively.

During the six months ended September 30, 2021, the movements of the shares of the Company as awarded to the employees selected by the Board (the "Awarded Shares") under the Share Award Scheme were as follows:

Date of Grant	Total number of Awarded Shares granted on the date of grant	Closing price of shares immediately before the date on which the Awarded Shares were granted (HK\$)	Number of Awarded Shares outstanding as at April 1, 2021	Number of Awarded Shares granted during the period	Number of Awarded Shares vested during the period	Number of Awarded Shares lapsed during the period	Number of Awarded Shares outstanding as at September 30, 2021
28/07/2017	183,060,000 (Notes 1 & 13)	1.310	660,000	-	660,000	-	-
27/10/2017	79,449,000 (Notes 2 & 13)	1.250	2,232,000	-	2,232,000	-	-
18/01/2018	18,320,000 (Notes 3 & 13)	1.070	1,500,000	-	420,000	-	1,080,000
21/05/2018	94,378,600 (Notes 4 & 13)	0.910	23,432,150	-	10,036,075	1,853,200	11,542,875
26/09/2018	50,120,000 (Notes 5 & 13)	1.010	15,160,000	-	3,170,000	2,250,000	9,740,000
31/05/2019	145,872,700 (Notes 6 & 13)	1.600	77,224,376	-	24,248,125	6,848,500	46,127,751
23/09/2019	35,870,000 (Notes 7 & 13)	1.320	21,385,000	-	1,850,000	2,330,000	17,205,000
15/01/2020	12,850,000 (Notes 8 & 13)	1.470	10,100,000	-	375,000	1,400,000	8,325,000
05/06/2020	127,281,100 (Notes 9 & 13)	1.050	109,935,900	-	26,761,475	10,305,750	72,868,675
11/09/2020	37,760,000 (Notes 10 & 13)	1.100	30,740,000	-	375,000	5,320,000	25,045,000
16/06/2021	144,803,746 (Notes 11 & 13)	-	-	144,803,746	-	9,850,176	134,953,570
09/09/2021	28,420,000 (Notes 12 & 13)	-	-	28,420,000	-	-	28,420,000
Total:	958,185,146		292,369,426	173,223,746	70,127,675	40,157,626	355,307,871

SHARE INCENTIVE SCHEMES *(Continued)***Share Award Scheme** *(Continued)*

Notes:

1. Among these Awarded Shares, 2,000,000 Awarded Shares were granted to Ms. Zhang Wei, a then executive director of the Company, and a total of 22,266,500 Awarded Shares were granted to three directors of certain subsidiaries of the Company. The remaining 158,793,500 Awarded Shares were granted to 297 employees of the Company who are not connected persons of the Company.
2. Among these Awarded Shares, 2,000,000 Awarded Shares were granted to Ms. Zhang Wei, a then executive director of the Company, and 1,100,000 Awarded Shares were granted to a director of certain subsidiaries of the Company. The remaining 76,349,000 Awarded Shares were granted to 302 employees of the Company who are not connected persons of the Company.
3. These Awarded Shares were granted to 23 employees of the Company who are not connected persons of the Company.
4. Among these Awarded Shares, 2,500,000 Awarded Shares were granted to Ms. Zhang Wei, a then executive director of the Company, and 1,200,000 Awarded Shares were granted to a director of certain subsidiaries of the Company. The remaining 90,678,600 Awarded Shares were granted to 326 employees of the Company who are not connected persons of the Company.
5. These Awarded Shares were granted to 85 employees of the Company who are not connected persons of the Company.
6. Among these Awarded Shares, 3,000,000 Awarded Shares were granted to a person who was a director of the Company within the last 12 months, and 2,400,000 Awarded Shares were granted to a director of certain subsidiaries of the Company. The remaining 140,472,700 Awarded Shares were granted to 377 employees of the Company who are not connected persons of the Company.
7. These Awarded Shares were granted to 79 employees of the Company who are not connected persons of the Company.
8. These Awarded Shares were granted to 18 employees of the Company who are not connected persons of the Company.
9. Among these Awarded Shares, 1,470,000 Awarded Shares and 330,000 Awarded Shares were granted to Mr. Fan Luyuan and Mr. Meng Jun respectively, each an executive director of the Company, and 7,000,000 Awarded Shares were granted to a director of certain subsidiaries of the Company. The remaining 118,481,100 Awarded Shares were granted to 335 employees of the Company who are not connected persons of the Company.
10. These Awarded Shares were granted to 80 employees of the Company who are not connected persons of the Company.
11. Among these Awarded Shares, 3,000,000 Awarded Shares, 2,250,000 Awarded Shares and 600,000 Awarded Shares were granted to Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, each an executive director of the Company, respectively. The remaining 138,953,746 Awarded Shares were granted to 410 employees of the Company who are not connected persons of the Company.

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Notes: (Continued)

12. These Awarded Shares were granted to 55 employees of the Company who are not connected persons of the Company.
13. The Awarded Shares granted to each grantee have a specific vesting schedule of not more than 6 years, and the grantees are not required to pay for the grant/vesting/exercise of the Awarded Shares.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Incentive Schemes” above, at no time during the six months ended September 30, 2021 was the Company, any of its holding companies, its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at September 30, 2021, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company

Name	Capacity in which interests are held	Number of shares/underlying shares held	Long position/ Short position	Approximate percentage of issued share capital (Note 2)
Ali CV Investment Holding Limited (“Ali CV”)	Beneficial owner (Note 1)	13,488,058,846	Long position	50.26%
Alibaba Investment Limited (“AIL”)	Interest of controlled corporation (Note 1)	13,488,058,846	Long position	50.26%
AGH	Interest of controlled corporation (Note 1)	13,488,058,846	Long position	50.26%
Bian Ximing/Yang Minghua	Beneficial owner	1,865,160,000	Long position	6.95%

INTERESTS OF SUBSTANTIAL SHAREHOLDERS *(Continued)***Long positions in shares and underlying shares of the Company** *(Continued)*

Notes:

1. This represents the interest in 13,488,058,846 shares of the Company held by Ali CV as beneficial owner. As of September 30, 2021, Ali CV was wholly owned by AGH, through its controlled corporation, ALL. Accordingly, AGH and ALL were deemed to have the same interest held by Ali CV.
2. As of September 30, 2021, the Company had a total of 26,836,786,410 shares in issue.

Save as disclosed above, as at September 30, 2021, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

During the six months ended September 30, 2021, the Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Listing Rules except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fan Luyuan, appointed as the chief executive officer of the Company on August 2, 2017, has also acted as chairman of the Board since October 13, 2017. The Board considers that vesting the roles of both chairman and chief executive officer in the same person will facilitate the development and execution of the Group’s business strategies, which will help the Company overcome market challenges and create more value for the shareholders of the Company. The Board believes that the balance of power and authority under such arrangement would not be impaired and would continue to be adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for securities transactions by the Directors and certain officers and employees of the Company or its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities, on terms not less exacting than those in the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code and the Company’s code for securities transactions.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

On March 5, 2019, the Company allotted and issued 1,000,000,000 new ordinary shares of the Company (the “Subscription Share(s)”) of total nominal value of HK\$250,000,000 in the capital of the Company to Ali CV as the subscriber at the subscription price of HK\$1.25 per Subscription Share (the “Subscription”). The directors of the Company considered that the Subscription would further strengthen the collaboration between the Company and Alibaba Group’s other media content and distribution businesses and lay down a more solid foundation for the Company’s future business development. The closing price of the shares of the Company as quoted on the Stock Exchange was HK\$1.23 on December 7, 2018, being the last trading day immediately prior to the date on which the terms of the Subscription were fixed. The net proceeds, after deduction of all relevant expenses incidental to the Subscription, were estimated to be approximately HK\$1,247,500,000 and the net subscription price per Subscription Share was approximately HK\$1.25. The net proceeds from the Subscription would mainly be used for content investment, the further expanding of customer base, sales and marketing activities, selective mergers and acquisitions when opportunities arise, and general corporate purposes.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES (Continued)

Set out below are (i) a detailed breakdown and description of the net proceeds from the Subscription used during the six months ended September 30, 2021; and (ii) a detailed breakdown and description of the intended use of the remaining net proceeds from the Subscription September 30, 2021:

Use of proceeds	Unused net proceeds as at April 1, 2021 <i>RMB' million</i>	Used net proceeds during the six months ended September 30, 2021 <i>RMB' million</i>	Unused net proceeds as at September 30, 2021 <i>RMB' million</i>	Expected timeline for fully utilizing the remaining net proceeds <i>(Note)</i>
Content investment	254	(60)	194	≤ 2.5 years
Further expansion of customer base	115	(4)	111	≤ 2.5 years
Sales and marketing activities	30	(3)	27	≤ 2.5 years
General corporate purposes	30	(5)	25	≤ 2.5 years
Total	429	(72)	357	≤ 2.5 years

Note: The expected timeline for utilizing the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It remains subject to change based on market conditions.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Except that the trustee of the Share Award Scheme purchased a total of 11,000,000 shares of the Company from the market to satisfy the awarded shares granted to connected employees of the Company upon vesting pursuant to the terms and rules of the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended September 30, 2021.

CHANGES IN, AND UPDATES TO, INFORMATION RELATING TO THE DIRECTORS

As required under Rules 13.51B and 13.51(2) of the Listing Rules, certain changes in, and updates to, the information regarding the directors of the Company during their respective term of office are set out below:

- Mr. Xu Hong, the then non-executive director of the Company, has resigned as non-executive director of the Company with effect from October 18, 2021; and
- Mr. Liu Zheng has been appointed as non-executive director of the Company with effect from October 18, 2021.

For further details of the above resignation and appointment, please refer to the announcement of the Company dated October 18, 2021.

Upon specific enquiry by the Company and following confirmations from the directors of the Company, save as disclosed above, there was no change in, and update to, the information regarding the directors of the Company required to be disclosed pursuant to rule 13.51B(1) of Listing Rules as at the date of this report.

MATERIAL CHANGES SINCE MARCH 31, 2021

Save for those disclosed in this report, there were no other material changes in the Group's financial position since the publication of the 2020/21 annual report of the Company.

SUBSEQUENT EVENTS

Save as disclosed in this report and as at the date of this report, no material events affecting the Group had occurred subsequent to September 30, 2021.

AUDIT COMMITTEE AND AUDITOR REVIEW

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the six months ended September 30, 2021. The Group's interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and the related notes thereto for the six months ended September 30, 2021 as set out in this report have not been audited but have been reviewed by the Company's auditor, PricewaterhouseCoopers.

On behalf of the Board

Alibaba Pictures Group Limited

Fan Luyuan

Chairman & Chief Executive Officer

Hong Kong, November 25, 2021