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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

The board of directors (the “Board”) of Alibaba Pictures Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended September 30, 2021 together with the comparative figures for the corresponding period in 2020. The unaudited condensed consolidated interim financial information for the six months ended September 30, 2021 has been reviewed by the audit committee of the Company. PricewaterhouseCoopers, the Company’s auditor, has conducted its review on the unaudited condensed consolidated interim financial information for the six months ended September 30, 2021 in accordance with the 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, on which they have expressed an unmodified review conclusion.

Financial Highlights

	For the six months ended		Change %
	2021	2020	
	RMB'000	RMB'000	
Revenue	1,358,160	926,669	47
Losses attributable to owners of the Company	(53,239)	(162,089)	(67)
Adjusted EBITA	(5,010)	(104,116)	(95)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		September 30,	
		2021	2020
		(Unaudited)	(Unaudited)
<i>Note</i>		RMB'000	RMB'000
	Revenue	1,358,160	926,669
	Cost of sales and services	<u>(735,633)</u>	<u>(575,999)</u>
	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	4 29,077	25,128
	Other gains/(losses), net	5 <u>105,865</u>	<u>(7,607)</u>
	Operating loss	(76,435)	(196,227)
	Finance income	6 42,532	50,184
	Finance expenses	6 <u>(7,465)</u>	<u>(10,197)</u>
	Finance income, net	35,067	39,987
	Share of losses of investments accounted for using the equity method	9 (26,235)	(8,609)
	Impairment of investments accounted for using the equity method	9 <u>—</u>	<u>(5,254)</u>
	Loss before income tax	(67,603)	(170,103)
	Income tax credit	7 <u>2,264</u>	<u>353</u>
	Loss for the period	<u>(65,339)</u>	<u>(169,750)</u>
	Attributable to:		
	Owners of the Company	(53,239)	(162,089)
	Non-controlling interests	<u>(12,100)</u>	<u>(7,661)</u>
	Loss per share attributable to owners of the Company for the period (<i>expressed in RMB cents per share</i>)	8	
	– Basic	(0.20)	(0.61)
	– Diluted	<u>(0.20)</u>	<u>(0.61)</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

		For the six months ended	
		September 30,	
		2021	2020
		(Unaudited)	(Unaudited)
	<i>Note</i>	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	9	528	–
Currency translation differences		<u>(34,676)</u>	<u>(90,618)</u>
		(34,148)	(90,618)
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>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at September 30, 2021 (Unaudited) <i>RMB'000</i>	As at March 31, 2021 (Audited) <i>RMB'000</i>
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		40,616	62,113
Investment property		21,981	22,562
Goodwill		3,551,116	3,551,116
Intangible assets		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	9	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		1,168,616	1,131,683
Trade and other receivables, and prepayments	10	729,057	691,847
		7,949,257	8,138,835
Current assets			
Inventory		12,280	–
Film and TV rights and investments		2,047,144	1,305,498
Trade and other receivables, and prepayments	10	2,171,479	2,171,718
Current income tax recoverable		–	946
Financial assets at fair value through profit or loss		3,000	7,000
Cash and cash equivalents		3,444,801	3,897,802
Restricted cash		18,861	19,083
		7,697,565	7,402,047
Total assets		15,646,822	15,540,882

		As at September 30, 2021 (Unaudited) <i>RMB'000</i>	As at March 31, 2021 (Audited) <i>RMB'000</i>
	<i>Note</i>		
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		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		37,026	51,617
		<u>13,805,592</u>	<u>13,837,938</u>
Liabilities			
Non-current liabilities			
Borrowings	11	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	11	15,000	15,000
Trade and other payables, and accrued charges	12	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		1,841,230	1,702,944
		<u>15,646,822</u>	<u>15,540,882</u>
Total equity and liabilities		15,646,822	15,540,882

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.

(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 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.

	For the six months ended September 30, 2021 (Unaudited)			
	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	Total <i>RMB'000</i>
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><u>561,616</u></u>	<u><u>567,006</u></u>	<u><u>229,538</u></u>	<u><u>1,358,160</u></u>

For the six months ended September 30, 2020
(Unaudited)

	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	Total <i>RMB'000</i>
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><u>550,288</u></u>	<u><u>220,473</u></u>	<u><u>155,908</u></u>	<u><u>926,669</u></u>

Segment revenue and results

For the six months ended September 30, 2021
(Unaudited)

	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>561,616</u>	<u>567,006</u>	<u>229,538</u>	<u>1,358,160</u>
Segment results	<u>95,636</u>	<u>228,887</u>	<u>106,254</u>	<u>430,777</u>
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				<u>(26,235)</u>
Loss before income tax				<u><u>(67,603)</u></u>

For the six months ended September 30, 2020
(Unaudited)

	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	Total <i>RMB'000</i>
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 confirm 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.

4 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	<u>29,077</u>	<u>25,128</u>

5 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	52,887	(7,550)
Change in fair value of unlisted investments	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	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	<u>105,865</u>	<u>(7,607)</u>

6 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><u>35,067</u></u>	<u><u>39,987</u></u>

7 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>

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.

8 LOSS PER SHARE

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

(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	2020
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	53,239	162,089
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	26,605,261	26,588,384

(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.

9 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 (<i>Note a</i>)	(26,235)	(8,609)
Share of other comprehensive income of an associate	528	–
Currency translation differences	(6,012)	(14,706)
Impairment (<i>Note b</i>)	–	(5,254)
	<u>1,926,950</u>	<u>2,176,510</u>
At September 30,	<u>1,926,950</u>	<u>2,176,510</u>

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.

10 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) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Audited) RMB'000	(Audited) RMB'000	(Audited) RMB'000
Trade receivables (<i>Note</i>)						
– Related parties	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	<u>(156,937)</u>	<u>–</u>	<u>(156,937)</u>	<u>(148,245)</u>	<u>–</u>	<u>(148,245)</u>
Trade receivables – net	<u>1,480,792</u>	<u>–</u>	<u>1,480,792</u>	<u>1,537,797</u>	<u>–</u>	<u>1,537,797</u>
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	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	<u>(305,368)</u>	<u>(151,854)</u>	<u>(457,222)</u>	<u>(286,372)</u>	<u>(160,000)</u>	<u>(446,372)</u>
Other receivables and prepayments – net	<u>690,687</u>	<u>729,057</u>	<u>1,419,744</u>	<u>633,921</u>	<u>691,847</u>	<u>1,325,768</u>
Total trade and other receivables, and prepayments	<u><u>2,171,479</u></u>	<u><u>729,057</u></u>	<u><u>2,900,536</u></u>	<u><u>2,171,718</u></u>	<u><u>691,847</u></u>	<u><u>2,863,565</u></u>

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

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
	1,637,729	1,686,042

11 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.

12 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 (<i>Note</i>)		
– Related parties	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	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.

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

13 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).

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 10.7 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* (速度与激情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 the 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 announcement, the Group had no other plans for significant 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, share awards granted under the Company's share award scheme (the "Share Award Scheme"), contributory provident fund, social security fund, medical benefits and training.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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.

MATERIAL CHANGES SINCE MARCH 31, 2021

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

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.

SUBSEQUENT EVENTS

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

On behalf of the Board
Alibaba Pictures Group Limited
Fan Luyuan
Chairman & Chief Executive Officer

Hong Kong, November 25, 2021

As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, being executive directors; Mr. Liu Zheng, being a non-executive director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being independent non-executive directors.

* *For identification purposes only*