



# INTERIM REPORT 2023/24

Stock Code: 1060

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## 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 Directors

Mr. TUNG Pen Hung (Appointed on May 15, 2023)  
Mr. LIU Zheng (Resigned on May 15, 2023)

#### Independent Non-Executive Directors

Ms. SONG Lixin  
Mr. TONG Xiaomeng  
Mr. Johnny CHEN

### EXECUTIVE COMMITTEE

Mr. FAN Luyuan (*Chairman*)  
Mr. LI Jie  
Mr. MENG Jun

### AUDIT COMMITTEE

Mr. Johnny CHEN (*Chairman*)  
Ms. SONG Lixin  
Mr. TONG Xiaomeng

### REMUNERATION COMMITTEE

Mr. TONG Xiaomeng (*Chairman*)  
Mr. FAN Luyuan  
Ms. SONG Lixin

### NOMINATION COMMITTEE

Mr. FAN Luyuan (*Chairman*)  
Mr. TONG Xiaomeng  
Mr. Johnny CHEN

### JOINT COMPANY SECRETARIES

Ms. CHUN Ka Yan (Resigned on September 30, 2023)  
Ms. ZHANG Ying (Appointed on September 30, 2023)  
Ms. NG Wing Shan (Appointed on September 30, 2023)

### LEGAL ADVISOR

Mayer Brown

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

### 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.  
China Everbright Bank Co., Ltd, Hong Kong Branch

### REGISTERED OFFICE

Clarendon House, 2 Church Street  
Hamilton, Pembroke, HM 11  
Bermuda

### HEAD OFFICE

Block B, Wangjing  
Ali Center  
Building 4, Zone 4, Wangjing East Park  
Chaoyang District  
Beijing, China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, Tower One  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North Cedar House  
41 Cedar Avenue, Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

### STOCK CODE

1060

### COMPANY'S WEBSITE

[www.alibabapictures.com](http://www.alibabapictures.com)

# Management Discussion and Analysis

## Industry Overview and Material Acquisitions

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

Given a rapid recovery of the entertainment consumer market and vibrant development of the offline entertainment industry during the six months ended September 30, 2023 (the “Reporting Period”), the total box office revenue in Mainland China was RMB29.7 billion, representing a year-over-year increase by 154% (or approximately RMB18.0 billion). The total box office revenue in Mainland China during the 2023 summer movie season reached RMB20.6 billion, an all-time high in the summer season. The Group continued to maintain the strengths of its online platform business and curate positive cultural content for the industry under the empowerment of innovative technology. Meanwhile, it proactively optimized its business management strategy and achieved business breakthrough and growth.

On September 19, 2023, the Group announced its plan to acquire from Alibaba Investment Limited (the “Seller”), a direct wholly-owned subsidiary of Alibaba Group Holding Limited (“Alibaba Holding”) the performance business of Damai (“Damai”), at an aggregate consideration of USD167 million and shall be satisfied by the Company by allotting and issuing to the Seller 2,513,028,847 shares of the Company as consideration (the “Consideration Shares”) at an issue price of HK\$0.52 per Consideration Share at completion of the acquisition pursuant to the share purchase agreement dated September 19, 2023 entered into between the Company and the Seller (the “Acquisition”). The Acquisition is expected to complete in the fourth quarter of 2023, by which time the shareholding of Alibaba Holding and its subsidiaries (“Alibaba Group”) in the Company will rise to 54.26%.

Engaged in the full life cycle of live performances from the ticketing of performances, on-site services, ticketing issuance system and venue operations to the organization, investment, production and promotion of the performance content, the Damai business covers, among others, concerts, musical festivals, Livehouse, plays, sports events and exhibitions. With more than 100 million registered users, the Damai business has served in aggregate over 1.8 million events.

Benefiting from signs of recovery in the offline entertainment industry, the box office for performances and events increased by 454% year-over-year in the first three quarters of 2023 while the gross merchandise value (GMV) of the Damai business during the Reporting Period registered a year-over-year growth of over 500% according to the China Association of Performing Arts. Damai enjoyed an absolutely leading edge in respect of the ticketing business in the market, particularly so for concerts as its core business, which covered nearly 100% of top-tier concerts during the Reporting Period. Damai was the general ticketing agent for numerous top-tier concerts (such as those of Jay Chou, Mayday, JJ Lin, Jason Zhang and Joker Xue) and users’ preferred ticketing platform for performances. Meanwhile, Damai exclusively provided the 19th Hangzhou Asian Games with a technology-driven ticketing platform for offline entertainment, which was a cloud-based digital ticketing system characterized by speed and stability.

Moreover, by furthering its development in performance content, Damai successfully organized mega shows involving Han Hong, Wallace Chung, Ele Yan and other artists. It also explored content development, production and investment of performances, promoting its brand awareness in recent years with various self-produced stage plays/dramas as well as the Xiami Music & Arts Festival in Aranya (阿那亞蝦米音樂節).

As of the date of this report, the Acquisition is still in progress, and the financial information set out herein has not included the financial information of the Damai business proposed to be acquired. If the Acquisition had occurred on April 1, 2022 or 2023, the respective unaudited combined operating results (*Note 1*) of the Group and Damai for the six months period ended September 30, 2022 and September 30, 2023 would have been as follows. During the Reporting Period, the unaudited combined EBITA grew significantly year-over-year. Such encouraging operating results were achieved due to the Group's ongoing development and forward-looking planning in film content, as well as the unprecedented boom of the offline entertainment and event businesses for performances after the pandemic.

	For the six months ended September 30,			
	Combined operating results including the Group and Damai		The Group	
	2023	2022	2023	2022
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
<b>Revenue</b>	<b>3,184,914</b>	1,748,980	<b>2,615,532</b>	1,828,686
Film investment, production, promotion and distribution	<b>1,269,579</b>	647,757	<b>1,269,579</b>	647,757
Film ticketing and technology platform	<b>558,479</b>	238,407	<b>558,479</b>	238,407
Damai*	<b>727,815</b>	106,093	–	–
Drama series production IP merchandising and innovation initiatives	<b>489,834</b>	273,955	<b>648,267</b>	459,754
Cost of sales and services	<b>(1,729,325)</b>	(1,301,990)	<b>(1,502,295)</b>	(1,270,417)
<b>Gross profit</b>	<b>1,455,589</b>	446,990	<b>1,113,237</b>	558,269
<b>Adjusted EBITA</b>	<b>878,794</b>	51,569	<b>461,286</b>	149,372

*Note 1:* The unaudited combined operating results are calculated by using the unaudited operating results of Damai for the respective periods and adjusting them for the effects of the transactions entered between the Group and Damai during the respective periods.

\* For identification purpose only

The following table sets forth key indicators of the Group's financial results for the periods indicated:

	For the six months ended	
	September 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating profit/(loss)	402,670	(60,066)
Add:		
Share-based compensation	58,289	80,256
Amortization of intangible assets arising on business combinations	6,334	6,334
Allowance for impairment, and disposals, of long- term assets	14,644	—
Profit or loss on equity investment and change in fair value, net	(20,651)	122,848
<b>Adjusted EBITA</b>	<b>461,286</b>	<b>149,372</b>

### Film investment, production, promotion and distribution

The content investment strategy of the Group is to build up its reserve by acquiring more investments and projects involving leading promoters and distributors every year, with an aim of covering important timeslots and top-tier projects and securing basic yields. Based on guaranteed coverage and yields, the Group proactively enhances its co-production and self-production capabilities to gradually establish the brand's presence, thereby achieving a powerful and high-yielding film investment portfolio and further increasing the Group's profit margin in content investment business. During the Reporting Period, the Group continued to step up its investment in co-production projects, strengthen its role as the leading promoter and distributor, and reinforce its core competency in investment and distribution services. By partaking in the projects at an early stage, we participated in content production such as IP creation and casting with other presenters and finalized promotion and distribution plans at the same time, leveraging our seasoned distribution team and mature promotion and distribution system to achieve a profitable combination of film content and assets. During the Reporting Period, the Group presented and distributed a total of 37 films (including 18 films with the Group as the leading promoter and distributor and 5 films with the Group as the co-producer) accounting for nearly 60% of the total box office. Seven of them ranked among the top 10 films released during the same period in terms of box office and achieved a higher return on investment compared with the industry peers. "Lost in the stars (消失的她)", a co-production for which the Group played a leading role in marketing and distribution, recorded box office revenue of over RMB3.5 billion, and secured the first and second place, respectively, in terms of the box office during the Dragon Boat Festival movie season and the summer movie season in 2023. "No More Bets (孤注一擲)", of which the Group was a co-producer, recorded box office revenue of over RMB3.8 billion, and topped the box office chart during the summer movie season in 2023. In addition, a number of widely-acclaimed films, including "Born to Fly (長空之王)" and "Chang'an (長安三萬里)", for both of which the Group played a leading role in marketing and distribution while acting as a co-producer for the former and one of the main producers for the latter, delivered satisfactory box office results during the Labor Day and summer movie seasons.

To further improve its capabilities to produce and develop film content and fully develop its IPs, the Group initiated collaborations with external studios, aimed at increasing its production of high-quality film content for the industry. Additionally, the Group launched the “HINA International Young Director Program (海納國際青年導演發展計劃)”, through which it has invited Mr. Zhang Yimou, Mr. Huang Jianxin and Mr. Bill Kong as main instructors, and recruited 20 outstanding directors to nurture youth directors and promote collaboration on film and television projects. The Group has a rich content reserve, which contains a number of high-quality films such as “I Did It My Way (潛行)”, “Endless Journey (三大隊)”, “The Longest Day (消防員)”, “Welcome to My Side (歡迎來到我身邊)”, “The Trier of Fact (守關者)”, “Hengyang 1944 (援軍明日到達)” and “Romance of the Butterfly Lovers (梁祝綺緣)”. These films have either been scheduled for release (subject to market conditions) or are in the process of being scheduled.

During the Reporting Period, the Group’s film investment, production, promotion and distribution segment recorded revenue of approximately RMB1,270 million, an increase of around 96% compared with approximately RMB648 million for the six months ended September 30, 2022 (the “Corresponding Period”).

### Film ticketing and technology platform

The film ticketing and technology platform, being Tao Piao Piao, Yunzhi and digitalization business, are an integral part of the Group’s film business and the infrastructure of the film industry. As the film ticketing platform for cinema-goers well-received by the market and the industry-leading ticket-issuing system platform for cinemas respectively, Tao Piao Piao and Yunzhi, which charged cinema-goers and cinemas service fees for the provision of online systems and services that allowed users to purchase tickets and cinemas to issue tickets, were the product combination that generated the highest gross margin for the Group. “Beacon AI (燈塔AI)”, a data product based on large AI models designed to provide intelligent promotion and distribution services for the entertainment industry, was launched to explore revolutionary AI interactive application scenarios by providing information and tools for public opinion analysis, smart enquiry, box office prediction, AI materials, etc. to customers and users in the film and television industry.

During the Reporting Period, Tao Piao Piao and the Damai business joined hands in further enhancing the “Taomai VIP” membership system, through which members can enjoy better consumer experience and ticketing privileges ranging from early online purchase for blockbusters and promotional offers to offline fast pass and access to star-studded events. Up to the date of this report, the Group has also entered into cooperation agreements with cinemas in Macau, China, as part of Yunzhi’s proactive drive to expand its overseas presence, which has laid the foundation for subsequent market development in other countries and regions. During the Reporting Period, Tao Piao Piao maintained its market share, while Yunzhi continued to rank first in terms of the number of ticket-issuing cinemas and tickets issued.

During the Reporting Period, the film ticketing and technology platform segment recorded revenue of approximately RMB558 million, an increase of around 134% compared with approximately RMB238 million for the Corresponding Period.

## Drama series production

During the Reporting Period, the Group's drama studios strived to build up premium-quality content and continued to create works well-received by the Chinese market. The Group will continue to invest in high-quality content that enhances consumer engagement and create timeless, touching and popular works, with plans to release its self-produced drama series, such as heroine-focused period drama series "*The Story of Hua Zhi* (惜花芷)", urban-themed romance drama series "*Endless Love* (亦舞之城)", medical-themed drama series "*Surgery Live Room* (手術直播間)", motivational drama series "*Pegasus* (飛馳人生)" and inspirational science fiction drama series "*Derailment* (脫軌)".

As a result of the drama release schedule, the Group's drama series production segment recorded revenue of approximately RMB139 million for the Reporting Period, a decrease of around 71% compared with approximately RMB483 million for the Corresponding Period.

## IP merchandising and innovative initiatives

As core operations, both IP merchandising and innovative initiatives (such as AIGC) help the Group expand its presence in the entertainment industry, with the former being mainly focused on the sub-licensing of IPs and creation of pop toys.

In recent years, the Group has been continuously investing in IP licensing. Through its production of film and drama content and the discovery of high-quality IPs, the Group has managed to build up an enormous and rich IP matrix, including Sanrio, Pokémon, Kakao, Universal Studios and Saint Seiya. During the Reporting Period, the Group's revenue from the sub-licensing business grew significantly by 104% year-over-year. The compound growth rate of the revenue from the sub-licensing business reached 49% over the past five years, showcasing a resilient performance in business growth. Not only has the Group provided more high-quality IP-licensed products and enriched entertainment experience for consumers, it has also achieved a win-win situation with its business partners.

Leveraging its rich IP matrix, direct and distribution channels, the Group has established a pop toy brand "KOITAKE", which combines its proprietary IPs, namely "AZZO", "*Moon White* (月白)" and "*Jelly – Comedian* (果凍-喜劇人)", with a number of movies, drama series and variety shows to create a host of distinctive pop toys. During the Reporting Period, the Group created pop toys based on "*Lost in the Stars* (消失的她)" and "*One and Only* (熱烈)" (the Group's summer films), "*Till The End of The Moon* (長月燼明)" and "*The Legend of Anle* (安樂傳)" (exclusive drama series on Youku), "*Mysterious Lotus Casebook* (蓮花樓)" (an exclusive drama series on iQIYI), "*The Longest Promise* (玉骨遙)" (an exclusive drama series on Tencent Video) and "*Empresses in the Palace* (甄嬛傳)" (a classic Chinese drama series).

With a comprehensive application of AIGC by the digitalization business, the extensive use of AI has significantly improved the efficiency in producing posters and contents for film and drama promotion and distribution. Aimed at exploring additional opportunities for business digitalization, the Group has also introduced Leah (厘厘), its first super-realistic virtual idol and digital human who collaborated with a variety of brands like Tmall, Huawei and Maogeping via endorsement, livestreaming, digital collectibles and other forms during the Reporting Period. Apart from being the brand spokesperson of "Taomai VIP", Leah also debuted in "*I Am Nobody* (異人之下)", an exclusive drama series on Youku. As the first digital actress participating in a live-action series, Leah has paved the way for a new sales model that integrates digital human into films and drama series. Digital human is also part of the Group's future plan for smart digital technology development.



During the Reporting Period, the Group's IP merchandising and innovative initiatives segment registered revenue of approximately RMB648 million, an increase of around 41% compared with approximately RMB460 million in the Corresponding Period.

## PROSPECTS

As the entertainment industry maintains momentum in recovery and the market landscape remains complex and ever-changing, the Group will pursue its business growth by carrying on with its investment in high-quality content, innovations, customer value, as well as the development in AIGC and other digital initiatives.

Looking ahead, the Group will continue to:

1. make significant investments in a full range of entertainment content and improve its capabilities to produce a broader set of content, including films, drama series and live performances, with a view to delivering high-quality content to the market steadily;
2. expand the scope of its technology platform services and explore multiple business models, including AIGC; and
3. strengthen benefits of scale and barriers to entry by expanding the presence of Damai along the value chain of the live entertainment industry.

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

## FINANCIAL REVIEW

### Revenue and Profit

During the Reporting Period, the Group recorded revenue of approximately RMB2,616 million, representing an increase of 43% year-over-year. The adjusted EBITA for the Reporting Period reached approximately RMB461 million, an increase of 209% year-over-year. Thanks to a flourishing business development and a diversified business structure, net profit attributable to owners of the Company recorded a significant turnaround from a net loss attributable to the owners of the Company of approximately RMB22 million for the Corresponding Period to a profit of approximately RMB464 million for the Reporting Period.

Earnings per share of the Group increased from basic and diluted loss per share of RMB0.08 cents for the Corresponding Period to basic earnings per share of RMB1.74 cents and diluted earnings per share of RMB1.73 cents for the Reporting Period.

### Selling, Marketing and Administrative Expenses

During the Reporting Period, selling and marketing expenses of the Group amounted to approximately RMB377 million, representing a year-over-year increase of approximately RMB246 million when compared with approximately RMB131 million for the Corresponding Period. The proportion of selling and marketing expenses in revenue increased from 7% for the Corresponding Period to 14%, which was primarily due to the increase in marketing expenses of business operations brought by the recovery in the entertainment industry.

During the Reporting Period, administrative expenses of the Group decreased to approximately RMB391 million from approximately RMB426 million for the Corresponding Period, representing a year-over-year reduction of approximately RMB35 million, which was primarily due to the improvement in operational efficiency and reduction in costs.

### Net Finance Income

During the Reporting Period, the Group recorded net finance income of approximately RMB74 million, which included interest income on bank deposits and gains on foreign exchange. As the Group's cash reserves are held in multiple currencies, the exchange gain resulted mainly from the depreciation of RMB against U.S. dollar ("USD") during the Reporting Period.

### Material Investments

As of September 30, 2023, the Group held 17 investments in joint ventures and associates, all of which were accounted for using the equity method, with a total book value of approximately RMB1,711 million; the Group also held 10 investments in unlisted companies and one investment in a listed company, all of which were classified as financial assets at fair value through profit or loss, with a total book value of approximately RMB780 million.

The Group's three largest investments were Bona Film Group Co., Limited, YH Entertainment Group and Shanghai Tingdong Film Co., Ltd.\* (上海亭東影業有限公司), all of which were engaged in the film production and distribution business, artist management and other pan-entertainment businesses.

As at September 30, 2023, there is no investment held by the Group with a value of 5% or more of the total assets of the Group.

The Group adopted a conservative investment strategy to manage its investment portfolio during the Reporting Period. Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as of September 30, 2023.

### Financial Resources and Liquidity

As of September 30, 2023, the Group held cash and cash equivalents and bank deposits with the maturity within one year of approximately RMB5,094 million (March 31, 2023: approximately RMB3,922 million), which were denominated in RMB, USD and Hong Kong dollar. As of September 30, 2023, the Group had a net cash position with a gearing ratio (being net borrowings over total equity) of nil (March 31, 2023: nil). The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder returns and a sound capital position. The Group may make adjustments, where necessary, to maintain an optimal capital structure and to reduce the cost of capital. Further, the Group may purchase wealth management products, where appropriate, in line with its treasury and investment policies, after taking into account, among other things, level of risk, return on investment, liquidity and term of maturity.

\* For identification purpose only

### Foreign Exchange Risks

While the majority of the Group's production costs and administrative costs are denominated and settled in RMB, the Group requires foreign currencies for some of its offshore investments and collaborations with studios outside Mainland China. The Group will continue to closely monitor its capital needs and manage foreign exchange risks accordingly. As of September 30, 2023, the Group did not have a foreign currency hedging policy nor has it used any currency hedging instruments or financial instruments for hedging purpose, but will closely monitor its foreign currency exposure in a cost-effective manner.

### Charge on Assets

As of September 30, 2023, the Group did not have any indebtedness secured by assets (March 31, 2023: nil).

### Contingent Liabilities

As of September 30, 2023, the Group did not have any material contingent liabilities (March 31, 2023: nil).

### Material Acquisitions and Disposals

Save for the Acquisition as disclosed in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS – Industry Overview And Material Acquisitions" of this report, during the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

### Employees and Remuneration Policies

As of September 30, 2023, the Group had 1,505 employees (September 30, 2022: 1,444 employees). The total employee benefit expenses of the Group were approximately RMB398 million for the Reporting Period (September 30, 2022: RMB467 million). The remuneration policies of the Group are determined based on prevailing market rates and the performance of the Group and individual employees. These policies are reviewed on a regular basis. The Group strongly believes that our staff is an invaluable asset to the Group and is significant to the Group's business. Therefore, the Group recognizes the importance of maintaining a good relationship with employees. In addition to salary, the Group also provides our employees with fringe benefits, including year-end bonuses, discretionary bonuses, share options under the Company's share option schemes, awarded shares under the Company's share award scheme, contributory provident fund, social security fund, medical benefits and training.

### Subsequent Events

Save for the closing of the Acquisition which will be taken place in the fourth quarter of 2023, there are no important events affecting the Group which have occurred since September 30, 2023 and up to the date of this report. For further details, please refer to Note 20 to the interim condensed consolidated financial information contained in this report.

## Corporate Governance and Other Information

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

As of September 30, 2023, the interests and short positions of the directors (the "Directors") and chief executive of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept 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:

#### Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares (L) held	Number of underlying Shares (L) held		Total number of Shares and underlying Shares (L)	Approximate percentage of Shares in issue (Note 2)
			Share Options	Awarded Shares		
Mr. FAN Luyuan	Beneficial owner	1,448,276	11,175,000	15,735,000	28,358,276	0.11%
Mr. LI Jie	Beneficial owner	6,636,836	0	22,562,500	29,199,336	0.11%
Mr. MENG Jun	Beneficial owner	512,499	0	5,109,750	5,622,249	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the securities.
- (2) Based on 26,975,740,156 Shares in issue as of September 30, 2023.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### Shares and underlying shares of the associated corporation of the Company – Alibaba Holding

Name of Director	Nature of interest	Number of shares (L)/ underlying shares (L) held		Approximate percentage of total issued shares of Alibaba Holding
		<i>(in the number of American Depositary Shares ("ADS(s)") of Alibaba Holding)</i>	<i>(in the number of ordinary shares of Alibaba Holding) (Note 2)</i>	
Mr. FAN Luyuan	Note 4	420,839	3,366,712	0.02%
Mr. LI Jie	Note 5	76,488	611,904	0.00%
Mr. MENG Jun	Note 6	18,161	145,288	0.00%
Mr. TUNG Pen Hung	Note 7	79,676	637,408	0.00%
Mr. TONG Xiaomeng	Note 8	117,647	941,176	0.00%

*Notes:*

- (1) The letter "L" denotes the person's long position in the securities.
- (2) One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding and one restricted share unit of Alibaba Holding ("RSU(s)") represents one ADS.
- (3) Based on 20,274,382,712 ordinary shares of Alibaba Holding in issue as of September 30, 2023.
- (4) The interest represents (i) 18,731 ADSs and 21,251 RSUs held by Mr. FAN Luyuan beneficially; and (ii) 380,857 ADSs held by a trust, of which Mr. FAN Luyuan is a founder.
- (5) The interest represents 62,487 ADSs and 14,001 RSUs held by Mr. LI Jie beneficially.
- (6) The interest represents (i) 9,388 ADSs and 6,650 RSUs held by Mr. MENG Jun beneficially; and (ii) 2,123 ADSs held by the spouse of Mr. MENG Jun.
- (7) The interest represents 61,926 ADSs and 17,750 RSUs held by Mr. TUNG Pen Hung beneficially.
- (8) The interest represents 117,647 ADSs held by Mr. TONG Xiaomeng beneficially.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Save as disclosed above, to the best knowledge, information and belief of the Company, as of September 30, 2023, none of the Directors nor chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept 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 Schemes

On August 31, 2021, the shareholders of the Company (the "Shareholders") approved (i) the termination (the "Termination") of a share option scheme adopted on June 11, 2012 (the "2012 Share Option Scheme"), and (ii) the adoption of a new share option scheme (the "2021 Share Option Scheme"). Following the Termination, no more share options (the "Share Options") will be granted under the 2012 Share Option Scheme but the subsisting Share Options granted prior to the Termination will continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

On August 30, 2023, the Shareholders approved the amendments to the 2021 Share Option Scheme. Details of the amendments to the 2021 Share Option Scheme are set out in the circular of the Company dated July 28, 2023 (the "Circular").

No Share Options were outstanding, granted, exercised, expired, lapsed or cancelled under the 2021 Share Option Scheme during the Reporting Period.

Given that no Share Option has been granted under the 2021 Share Option Scheme during the Reporting Period, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Share Options granted under such scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period.

The total number of Share Options available for grant under the 2021 Share Option Scheme as of April 1, 2023 and September 30, 2023 were 2,683,678,641 and 2,158,059,212<sup>Note 1</sup>, respectively, representing approximately 9.95% and 8% of the Company's issued share capital as at the respective dates.

The total number of Share Options available for grant under the Service Provider Sublimit<sup>Note 2</sup> as of September 30, 2023 was 269,757,401, representing approximately 1.0% of the Company's issued share capital as at the September 30, 2023. No service provider sublimit was set under the 2021 Share Option Scheme prior to August 30, 2023.

#### Notes:

1. The limit on the total number of Shares available for issue upon exercise of all Shares Options which have been or may be granted under the 2021 Share Option Scheme, which must not exceed 8% of the issued shares of the Company as at the date of the Shareholders' approval of the limit (i.e. the Scheme Mandate Limit), was amended from 2,683,678,641 to 2,158,059,212 by the Shareholders at the annual general meeting held on August 30, 2023.
2. The limit on the total number of Shares that may be issued in respect of all Share Options granted to service providers under the 2021 Share Option Scheme, which must not exceed 1% of the Shares in issue (i.e. the Service Provider Limit), was adopted by the Shareholders at the annual general meeting held on August 30, 2023.

## SHARE INCENTIVE SCHEMES (Continued)

## Share Option Schemes (Continued)

Movements of the Share Options granted by the Company pursuant to the 2012 Share Option Scheme during the Reporting Period were as follows:

Name/category of grantees	Date of grant	Exercise price per share (HK\$)	Closing price per Share immediately before the date of grant (HK\$)	Weighted average closing price of shares immediately before the date on which the Share Options were exercised (HK\$)	Number of Share Options outstanding as of April 1, 2023	Number of Share Options granted during the period	Number of Share Options exercised during the period	Number of Share Options lapsed during the period	Number of Share Options cancelled during the period	Number of Share Options outstanding as of September 30, 2023	Exercise/ vesting period (Notes)
<b>Directors</b>											
Mr. FAN Luyuan	05/06/2020	1.070	1.050	-	3,675,000	-	-	-	-	3,675,000	1(iii)
	16/06/2021	1.066	1.060	-	7,500,000	-	-	-	-	7,500,000	1(iii)
Mr. LI Jie	21/05/2018	0.912	0.910	-	-	-	-	-	-	-	1(ii)
	31/05/2019	1.630	1.600	-	-	-	-	-	-	-	1(ii)
	05/06/2020	1.070	1.050	-	-	-	-	-	-	-	1(ii)
	16/06/2021	1.066	1.060	-	-	-	-	-	-	-	1(ii)
Mr. MENG Jun	05/06/2020	1.070	1.050	-	-	-	-	-	-	-	1(ii)
	16/06/2021	1.066	1.060	-	-	-	-	-	-	-	1(ii)
	<b>Sub-total</b>				<b>11,175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,175,000</b>	
<b>Employees</b>											
	18/01/2018	1.060	1.070	-	1,200,000	-	-	-	-	1,200,000	1(i)
	31/05/2019	1.630	1.600	-	800,000	-	-	800,000	-	-	1(ii)
	05/06/2020	1.070	1.050	-	300,000	-	-	300,000	-	-	1(ii)
	<b>Sub-total</b>				<b>2,300,000</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>1,200,000</b>	
	<b>Total</b>				<b>13,475,000</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>-</b>	<b>12,375,000</b>	

**SHARE INCENTIVE SCHEMES** (Continued)**2012 Share Option Scheme**

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**

<b>Vesting Date</b>	<b>Percentage that can be exercised</b>
First vesting date (being second anniversary of the relevant 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 date of commencement of employment.

**(ii) Category B**

<b>Vesting Date</b>	<b>Percentage that can be exercised</b>
First vesting date (being first anniversary of the relevant 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 date of commencement of employment of the relevant grantee, and the first vesting date falls on the first anniversary of the date of commencement of the vesting period.

**(iii) Category C**

<b>Vesting Date</b>	<b>Percentage that can be exercised</b>
First vesting date (being first anniversary of the relevant performance incentive effective date)	Up to 1/6 of the Share Options granted
First anniversary of first vesting date	Up to 1/3 of the Share Options granted
Second anniversary of first vesting date	Up to 1/2 of the Share Options granted
Third anniversary of first vesting date	Up to 2/3 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.
- (3) Given no more Share Options will be granted under the 2012 Share Option Scheme upon Termination, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Share Options granted under the 2012 Share Option Scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period.



## SHARE INCENTIVE SCHEMES (Continued)

## Share Award Scheme

The share award scheme of the Company (“Share Award Scheme”) was adopted by the board of Directors (the “Board”) on December 30, 2016 (as amended on March 29, 2019, January 17, 2020 and August 30, 2023, respectively). Details of the amendments to the Share Award Scheme approved by the Shareholders on August 30, 2023 are set out in the Circular.

Movements of the Shares granted by the Company under the Share Award Scheme (the “Awarded Shares”) during the Reporting Period were as follows:

Name/category of grantees	Date of grant	Vesting date/period	Market price of Awarded Shares		Closing price of Shares immediately before the date of grant	Closing price of Shares immediately before the vesting date	Weighted average closing price of Shares before the vesting date	Number of Unvested Awarded Shares at April 1, 2023 (excluding those vested on April 1, 2023)	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Number of Shares lapsed during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Unvested Awarded Shares at September 30, 2023
			at date of grant based on closing price of Shares as at date of grant	Purchase price of the Awarded Shares									
			(HK\$)	(HK\$)	(HK\$)	(HK\$)							
<b>Directors of the Company</b>													
Mr. FAN Luyuan	5/6/2020	01/04/2021-01/04/2026	1.070	-	1.050	0.510	0.510	980,000	-	245,000	-	-	735,000
	16/6/2021	01/04/2022-01/04/2027	1.060	-	1.060	0.510	0.510	2,500,000	-	500,000	-	-	2,000,000
	17/6/2022	01/04/2023-01/04/2028	0.730	-	0.740	0.510	0.510	6,000,000	-	1,000,000	-	-	5,000,000
	12/6/2023	01/04/2024-01/04/2029	0.410	-	0.415	-	-	-	8,000,000	-	-	-	8,000,000
Mr. LI Jie	21/5/2018	01/04/2019-01/04/2022	0.910	-	0.910	-	-	-	-	-	-	-	-
	31/5/2019	01/04/2020-01/04/2023	1.630	-	1.600	0.510	0.510	600,000	-	600,000	-	-	-
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.510	0.510	3,500,000	-	1,750,000	-	-	1,750,000
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.600	0.510	0.510	1,687,500	-	562,500	-	-	1,125,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	4,750,000	-	1,187,500	-	-	3,562,500
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.510	0.510	7,656,250	-	1,531,250	-	-	6,125,000
Mr. MENG Jun	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	-	-	-	10,000,000	-	-	-	10,000,000
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.510	0.510	165,000	-	82,500	-	-	82,500
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.510	0.510	450,000	-	150,000	-	-	300,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	1,600,000	-	400,000	-	-	1,200,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.510	0.510	570,000	-	114,000	-	-	456,000
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	-	-	-	3,071,250	-	-	-	3,071,250
<b>Directors of subsidiaries of the Company</b>													
A director of subsidiaries of the Company	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.510	0.510	1,204,412	-	401,471	-	-	802,941
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	1,964,286	-	491,071	-	-	1,473,215
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	-	-	-	4,500,000	-	-	-	4,500,000

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Name/category of grantees	Date of grant	Vesting period	Market price of Awarded Shares at date of grant based on closing price of Shares as at date of grant (HK\$)	Purchase price of the Awarded Shares (HK\$)	Closing price of Shares immediately before the date of grant (HK\$)	Closing price of Shares immediately before the vesting date (HK\$)	Weighted average of Shares of Shares immediately before the vesting date (HK\$)	Number of Unvested Awarded Shares at April 1, 2023 (excluding those vested during the Reporting Period)	Number of Awarded Shares granted during the Reporting Period	Number of Shares vested during the Reporting Period	Number of Shares lapsed during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Unvested Awarded Shares at September 30, 2023
<b>Eligible employees (Non-connected employees)</b>													
	31/5/2019	01/04/2020-19/03/2025	1.630	-	1.600	0.470-0.510	0.510	12,851,359 <sup>(Note 8)</sup>	-	12,318,025	-	-	533,334
	23/9/2019	01/10/2020-01/10/2023	1.340	-	1.320	0.390-0.490	0.430	4,010,000	-	475,000	210,000	-	3,325,000
	15/1/2020	19/09/2021-30/12/2023	1.460	-	1.470	0.560	0.560	987,500	-	75,000	187,500	-	725,000
	5/6/2020	01/04/2021-16/04/2024	1.070	-	1.050	0.510	0.510	28,259,850 <sup>(Note 8)</sup>	-	13,979,925	407,500	-	13,872,425
	11/9/2020	26/05/2021-01/10/2024	1.120	-	1.100	0.410-0.415	0.413	8,860,000	-	150,000	420,000	-	8,290,000
	16/6/2021	01/04/2022-19/04/2025	1.060	-	1.060	0.510	0.510	65,306,807 <sup>(Note 8)</sup>	-	21,410,601	2,189,500	-	41,706,706
	9/9/2021	01/10/2022-01/10/2025	0.840	-	0.850	0.415-0.540	0.494	18,700,000 <sup>(Note 8)</sup>	-	1,250,000	360,000	-	17,090,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	106,341,868 <sup>(Note 8)</sup>	-	25,772,964	4,403,571	-	76,165,333
	9/9/2022	01/08/2023-01/10/2026	0.600	-	0.570	0.475	0.475	17,620,000	-	1,125,000	480,000	-	16,015,000
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.510	0.510	13,887,525	-	2,777,505	-	-	11,110,020
	12/6/2023	01/04/2024-10/04/2027	0.410	-	0.415	-	-	-	198,720,100	-	7,634,000	-	191,086,100
<b>Five highest paid employees in aggregate (excluding the Directors as disclosed above):</b>													
	31/5/2019	01/04/2020-01/04/2023	1.630	-	1.600	0.510	0.510	930,000	-	930,000	-	-	-
	15/1/2020	28/11/2021-28/11/2023	1.460	-	1.470	-	-	1,000,000	-	-	-	-	1,000,000
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.510	0.510	1,580,000	-	790,000	-	-	790,000
	16/6/2021	01/04/2022-01/04/2025	1.060	-	1.060	0.510	0.510	4,196,625	-	1,398,875	-	-	2,797,750
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	5,678,000	-	1,419,500	-	-	4,258,500
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.510	0.510	11,600,000	-	2,320,000	-	-	9,280,000
	12/6/2023	01/04/2024-01/04/2027	0.410	-	0.415	-	-	-	5,400,000	-	-	-	5,400,000
<b>Related entities participants</b>													
	31/5/2019	01/04/2020-01/04/2023	1.630	-	1.600	0.510	0.510	1,895,000 <sup>(Note 8)</sup>	-	1,895,000	-	-	-
	23/9/2019	01/10/2020-01/10/2023	1.340	-	1.320	-	-	740,000	-	-	-	-	740,000
	5/6/2020	01/04/2021-01/04/2024	1.070	-	1.050	0.510	0.510	4,000,000 <sup>(Note 8)</sup>	-	2,000,000	375,000	-	1,625,000
	11/9/2020	01/10/2021-01/10/2024	1.120	-	1.100	-	-	490,000	-	-	-	-	490,000
	16/6/2021	01/04/2022-22/04/2025	1.060	-	1.060	0.495-0.510	0.503	4,094,500 <sup>(Note 8)</sup>	-	1,631,500	-	-	2,463,000
	9/9/2021	01/10/2022-01/10/2025	0.840	-	0.850	-	-	360,000 <sup>(Note 8)</sup>	-	-	-	-	360,000
	17/6/2022	01/04/2023-01/04/2026	0.730	-	0.740	0.510	0.510	2,476,800 <sup>(Note 8)</sup>	-	619,200	-	-	1,857,600
	31/3/2023	01/04/2023-01/04/2025	0.510	-	0.500	0.510	0.510	9,151,875	-	1,830,375	400,000	-	6,921,500
	12/6/2023	01/04/2024-27/04/2027	0.410	-	0.415	-	-	-	2,300,000	-	-	-	2,300,000
<b>Service providers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
								<b>358,645,157</b>	<b>231,991,350</b>	<b>103,183,762</b>	<b>170,670,071</b>	-	<b>470,385,674</b>

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

1. Save as disclosed in the table above, no Awarded Shares have been granted to any chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).
2. Save as disclosed in the table above, no Awarded Shares have been granted to any employees of the Company in excess of the 1% individual limit.
3. The fair value of the Awarded Shares at the date of grant on June 12, 2023 during the Reporting Period was HK\$0.41 per Share, and was determined based on the published closing price of the Shares at the date of grant. The Group has adopted the accounting standard in accordance with HKFRS 2 – Share-based Payment and for the details of accounting policy applied, please refer to Note 15 to the interim condensed consolidated financial information contained in this report.
4. The total numbers of Awarded Shares available for grant under the Share Award Scheme as at April 1, 2023 and September 30, 2023 were 241,098,125 and 2,158,059,212, respectively, representing approximately 0.89% and 8% of the Company's issued share capital as at the respective dates.
5. The total number of Awarded Shares available for grant under the Service Provider Sublimit<sup>#</sup> as of September 30, 2023 was 269,757,401, representing approximately 1.0% of the Company's issued share capital as at the September 30, 2023. No service provider sublimit was set under the Share Award Scheme prior to August 30, 2023.  
  
<sup>#:</sup> The limit on the total number of Shares that may be issued in respect of all Awarded Shares granted to service providers under the Share Award Scheme, which must not exceed 1% of the Shares in issue (i.e. the Service Provider Limit), was adopted by the Shareholders at the annual general meeting held on August 30, 2023.
6. The number of Shares that may be issued in respect of the Awarded Shares granted under the Share Award Scheme during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the Reporting Period was 0.77%.
7. As at the date of this report, the total number of Shares available for issue under the Share Award Scheme was 2,158,059,212 Shares, representing approximately 8% of the total number of Shares in issue.
8. During the Reporting Period, certain eligible employees (non-connected employees) became related entities participants, and vice versa, hence statistics in the table above have been adjusted accordingly.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As of September 30, 2023, the following persons (other than the Directors and chief executive of the Company whose interests have been disclosed in this report) had interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Shares and underlying Shares

Name of Shareholder	Nature of interest	Number of Shares (L)/underlying Shares (L) held	Approximate percentage of Shares in issue (Note 3)
Ali CV Investment Holding Limited	Beneficial owner (Note 2)	13,488,058,846	50.0007%
Alibaba Investment Limited	Interest in controlled corporation (Note 2)	13,488,058,846	50.0007%
Alibaba Holding	Beneficial owner (Note 2)	2,513,028,847	9.32%
	Interest in controlled corporation (Note 2)	16,001,087,693	59.32%
BIAN Ximing/YANG Minghua	Beneficial owner	1,865,160,000	6.91%

#### Notes:

- (1) The letter "L" denotes the entity's/person's long position in the securities.
- (2) The interest represents 13,488,058,846 Shares held by Ali CV Investment Holding Limited ("Ali CV"). Pursuant to the share purchase agreement dated September 19, 2023 relating to the Acquisition, the Company has conditionally agreed to allot and issue 2,513,028,847 ordinary shares of the Company to Alibaba Investment Limited ("AIL") as consideration shares upon completion of the share purchase agreement. As of September 30, 2023, Ali CV was wholly-owned by AIL, which in turn was wholly-owned by Alibaba Holding. Accordingly, each of Alibaba Holding and AIL was deemed to be interested in those Shares.
- (3) Based on 26,975,740,156 Shares in issue as of September 30, 2023.

Save as disclosed above, as of September 30, 2023, so far as was known to the Directors or chief executive of the Company, no other persons had an interest or short position in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. It has adopted the code provisions as stipulated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code") as the basis of the corporate governance practices of the Company.

Throughout the Reporting Period, the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code, save as disclosed below:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. FAN Luyuan currently performs these two roles. 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. The Board believes that the balance of power and authority for the present arrangement would not be impaired given that there are sufficient checks and balances in the Board as a decision to be made by the Board requires approval by a majority of the Directors and such balance is ensured by the Board which comprises experienced and high caliber individuals and three of whom are independent non-executive Directors.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiry of all Directors, each of the Directors confirmed that he/she has complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Reporting Period.

## INTERIM DIVIDEND

The Board has resolved that no interim dividend will be declared for the six months ended September 30, 2023 (For the six months ended September 30, 2022: nil).

## CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the connected transactions section as disclosed in the Company's 2022/2023 annual report and its announcements dated June 30, 2023 and September 19, 2023, respectively, and the related party transactions as disclosed in Note 18 to the interim condensed consolidated financial information contained in this report, (1) no contract of significance between the Company, or any of its subsidiaries, and the controlling shareholder of the Company or any of its subsidiaries, subsisted at the end of the Reporting Period or at any time during the Reporting Period; and (2) no contract of significance for the provision of services to the Company, or any of its subsidiary, by the controlling shareholder of the Company or any of its subsidiaries had been entered into by the Group during the Reporting Period.

## USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

On March 5, 2019, the Company issued and allotted 1,000,000,000 new Shares (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 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 per Share as quoted on the Stock Exchange was HK\$1.23 on December 8, 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 approximately HK\$1,247.5 million 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, further expansion of customer base, sales and marketing activities, selective mergers and acquisitions when opportunities arise and general corporate purposes.

Set out below are (i) a detailed breakdown and description of the net proceeds from the Subscription utilized during the Reporting Period; and (ii) a detailed breakdown and description of the intended use of the remaining net proceeds from the Subscription as of September 30, 2023:

Use of net proceeds	Unutilized amount as of April 1, 2023 (RMB million)	Utilized amount during the six months ended September 30, 2023 (RMB million)	Unutilized amount as of September 30, 2023 (RMB million)	Expected timeline for utilizing the remaining net proceeds (Note 2)
Content investment	59	(50)	9	≤0.5 years
Further expansion of customer base	42	(29)	13	≤0.5 years
Sales and marketing activities	13	(6)	7	≤0.5 years
General corporate purposes	4	(4)	–	≤0.5 years
<b>Total</b>	<b>118</b>	<b>(89) (Note 1)</b>	<b>29</b>	

Notes:

- (1) As of September 30, 2023, all utilization of the net proceeds was in accordance with the intentions previously disclosed. The remaining unutilized net proceeds are expected to be used in the manner consistent with the proposed allocations as set out in the table above.
- (2) The expected timeline for utilizing the remaining net proceeds is based on the best estimation of the future market conditions and business operation made by the Company and remains subject to change based on future development of market conditions and actual business needs.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Except that the trustee of the Share Award Scheme purchased a total of 3,000,000 shares at a total consideration of HK\$1,855,900 from the market pursuant to the terms and rules of the Share Award Scheme to satisfy the awarded shares granted to connected employees of the Company upon vesting during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

## CHANGES IN THE COMPOSITION OF THE BOARD AND COMPANY SECRETARY

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in particulars of Directors and senior management during the Reporting Period and up to the date of this report are set out below:

- Mr. LIU Zheng ceased to serve as a non-executive Director with effect from May 15, 2023.
- Mr. TUNG Pen Hung was appointed as a non-executive Director with effect from May 15, 2023.
- On September 30, 2023, Ms. CHUN Ka Yan ceased to serve as the company secretary of Company, an authorised representative of the Company under Rule 3.05 of the Listing Rules (the "Authorised Representative") and the authorised representative of the Company to accept service of process and notices in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Process Agent"), respectively.
- Ms. ZHANG Ying and Ms. NG Wing Shan were appointed as the joint company secretaries of the Company on September 30, 2023, and Ms. Ng Wing Shan was also appointed as an Authorised Representative and the Process Agent on the even date.
- Mr. FAN Luyuan ceased to serve as an Authorised Representative on November 3, 2023.
- Mr. MENG Jun was appointed as an Authorised Representative on November 3, 2023.

Save as disclosed above, during the Reporting Period and up to the date of this report, the Directors have confirmed that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## REVIEW OF INTERIM REPORT

The interim report of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "Audit Committee").

The financial statements of the Group for the Reporting Period as set out in this report are unaudited, but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, 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. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

Hong Kong, November 13, 2023



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 24 to 58, which comprises the interim condensed consolidated balance sheet of Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2023 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 selected 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” issued by the Hong Kong Institute of Certified Public Accountants. 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 13, 2023



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the six months ended	
		September 30, 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	5	2,615,532	1,828,686
Cost of sales and services		<u>(1,502,295)</u>	<u>(1,270,417)</u>
<b>Gross profit</b>		<b>1,113,237</b>	558,269
Selling and marketing expenses		<b>(377,498)</b>	(131,172)
Administrative expenses		<b>(390,597)</b>	(426,285)
Impairment losses on financial assets, net		<b>(23,685)</b>	(11,440)
Other income	6	<b>29,091</b>	30,045
Other gains/(losses), net	7	<u><b>52,122</b></u>	<u>(79,483)</u>
<b>Operating profit/(loss)</b>		<b>402,670</b>	(60,066)
Finance income	8	<b>76,937</b>	53,464
Finance expenses	8	<b>(2,537)</b>	(4,257)
Finance income, net		<u><b>74,400</b></u>	<u>49,207</u>
Share of losses of investments accounted for using the equity method	11	<b>(54,122)</b>	(2,306)
Impairment of investments accounted for using the equity method	11	<u><b>(96,911)</b></u>	<u>—</u>
<b>Profit/(loss) before income tax</b>		<b>326,037</b>	(13,165)
Income tax credit/(expense)	9	<u><b>147,353</b></u>	<u>(6,898)</u>
<b>Profit/(loss) for the period</b>		<u><b>473,390</b></u>	<u>(20,063)</u>
<b>Attributable to:</b>			
Owners of the Company		<b>463,788</b>	(22,319)
Non-controlling interests		<u><b>9,602</b></u>	<u>2,256</u>
<b>Earnings/(loss) per share attributable to owners of the Company for the period</b> (expressed in RMB cents per share)	10		
– Basic		<b>1.74</b>	(0.08)
– Diluted		<u><b>1.73</b></u>	<u>(0.08)</u>

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

	For the six months ended September 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Note	RMB'000	RMB'000
<b>Profit/(loss) for the period</b>	<b>473,390</b>	(20,063)
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive loss of an associate	11 (2,569)	(6,802)
Currency translation differences attributable to owners of the Company	130,828	251,433
<i>Items that may not be reclassified to profit or loss</i>		
Currency translation differences attributable to non-controlling interests	1,642	2,579
<b>Other comprehensive income for the period, net of tax</b>	<b>129,901</b>	247,210
<b>Total comprehensive income for the period</b>	<b>603,291</b>	227,147
<b>Attributable to:</b>		
Owners of the Company	592,047	222,312
Non-controlling interests	11,244	4,835
<b>Total comprehensive income for the period</b>	<b>603,291</b>	227,147

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, 2023 (Unaudited) <i>RMB'000</i>	As at March 31, 2023 (Audited) <i>RMB'000</i>
	<i>Note</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	14,951	17,517
Investment property	12	19,657	20,238
Goodwill	12	3,551,116	3,551,116
Intangible assets	12	94,544	99,750
Right-of-use assets	12	56,936	115,509
Deferred income tax assets		131,603	14,003
Investments accounted for using the equity method	11	1,710,656	1,827,249
Film and TV rights and investments		1,822	141,375
Bank deposits with the maturity over one year		305,913	300,880
Financial assets at fair value through profit or loss	4	779,659	760,321
Trade and other receivables, and prepayments	13	393,253	222,111
		<u>7,060,110</u>	<u>7,070,069</u>
<b>Current assets</b>			
Inventory		37,194	38,744
Film and TV rights and investments		1,828,312	1,834,661
Trade and other receivables, and prepayments	13	3,634,609	2,706,499
Bank deposits with the maturity over three months		821,276	–
Cash and cash equivalents		4,272,927	3,919,526
Restricted cash		214	2,139
		<u>10,594,532</u>	<u>8,501,569</u>
<b>Total assets</b>		<u>17,654,642</u>	<u>15,571,638</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	5,452,976	5,452,976
Reserves		9,210,165	8,616,859
		<u>14,663,141</u>	<u>14,069,835</u>
<b>Non-controlling interests</b>		<u>52,134</u>	<u>40,376</u>
<b>Total equity</b>		<u>14,715,275</u>	<u>14,110,211</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		As at September 30, 2023 (Unaudited) RMB'000	As at March 31, 2023 (Audited) RMB'000
	Note		
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		18,173	48,373
Lease liabilities		<u>71,786</u>	<u>118,566</u>
		<u>89,959</u>	<u>166,939</u>
<b>Current liabilities</b>			
Trade and other payables, and accrued charges	16	2,451,272	1,083,571
Contract liabilities		371,438	170,405
Current tax liabilities		154	261
Lease liabilities		13,494	27,201
Financial liabilities at fair value through profit or loss	4	<u>13,050</u>	<u>13,050</u>
		<u>2,849,408</u>	<u>1,294,488</u>
<b>Total liabilities</b>		<u>2,939,367</u>	<u>1,461,427</u>
<b>Total equity and liabilities</b>		<u>17,654,642</u>	<u>15,571,638</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

	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
<b>For the six months ended September 30, 2023</b>												
<b>(Unaudited)</b>												
<b>At April 1, 2023</b>		<b>5,452,976</b>	<b>13,423,271</b>	<b>(208,891)</b>	<b>(1,083,805)</b>	<b>48,527</b>	<b>(102,186)</b>	<b>535,439</b>	<b>(3,995,496)</b>	<b>14,069,835</b>	<b>40,376</b>	<b>14,110,211</b>
Profit for the period		-	-	-	-	-	-	463,788	463,788	9,602	473,390	
Other comprehensive income for the period		-	-	-	-	-	128,259	-	128,259	1,642	129,901	
Total comprehensive income for the period		-	-	-	-	-	128,259	-	463,788	592,047	603,291	
Share of other reserves of investments accounted for using the equity method	11	-	-	-	(471)	-	-	-	(471)	-	(471)	
Shares purchased for share award scheme		-	-	(1,733)	-	-	-	-	(1,733)	-	(1,733)	
Shares vested under share award scheme		-	-	88,994	-	-	(88,994)	-	-	-	-	
Value of employee services provided under share option scheme and share award scheme	15	-	-	-	-	-	42,148	-	42,148	-	42,148	
Value of employee services provided in relation to share-based payment transactions with ultimate parent	15	-	-	-	-	-	16,465	-	16,465	-	16,465	
Value of share-based compensation allocated to ultimate parent	15	-	-	-	(5,244)	-	5,244	-	-	-	-	
Settlement of share-based compensation cost with ultimate parent	15	-	-	-	(46,719)	-	-	-	(46,719)	-	(46,719)	
Transactions with non-controlling interests	19	-	-	-	-	-	-	(8,431)	(8,431)	3,931	(4,500)	
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(3,417)	(3,417)	
<b>At September 30, 2023</b>		<b>5,452,976</b>	<b>13,423,271</b>	<b>(121,630)</b>	<b>(1,136,239)</b>	<b>48,527</b>	<b>26,073</b>	<b>510,302</b>	<b>(3,540,139)</b>	<b>14,663,141</b>	<b>52,134</b>	<b>14,715,275</b>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(Continued)

Note	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Shares held for share award scheme	Other reserve	Shareholder's contribution reserve	Translation reserve	Share-based compensation reserve	Accumulated losses	Total	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the six months ended September 30, 2022</b>												
<b>(Unaudited)</b>												
<b>At April 1, 2022</b>	<u>5,452,976</u>	<u>13,423,271</u>	<u>(233,757)</u>	<u>(1,071,020)</u>	<u>48,527</u>	<u>(248,885)</u>	<u>350,359</u>	<u>(3,704,364)</u>	<u>14,017,107</u>	<u>25,895</u>	<u>14,043,002</u>	
Loss for the period	-	-	-	-	-	-	-	(22,319)	(22,319)	2,256	(20,063)	
Other comprehensive income for the period	-	-	-	-	-	244,631	-	-	244,631	2,579	247,210	
Total comprehensive income for the period	-	-	-	-	-	244,631	-	(22,319)	222,312	4,835	227,147	
Share of other reserves of investments accounted for using the equity method	11	-	-	1,472	-	-	-	-	1,472	-	1,472	
Shares vested under share award scheme	-	-	98,795	-	-	-	(98,795)	-	-	-	-	
Value of employee services provided under share option scheme and share award scheme	15	-	-	-	-	-	92,165	-	92,165	-	92,165	
Value of employee services provided in relation to share-based payment transactions with ultimate parent	15	-	-	-	-	-	34,372	-	34,372	-	34,372	
Value of share-based compensation allocated to ultimate parent	15	-	-	(5,016)	-	-	5,016	-	-	-	-	
Settlement of share-based compensation cost with ultimate parent	15	-	-	-	-	-	(2,508)	-	(2,508)	-	(2,508)	
<b>At September 30, 2022</b>	<u>5,452,976</u>	<u>13,423,271</u>	<u>(134,962)</u>	<u>(1,074,564)</u>	<u>48,527</u>	<u>(4,254)</u>	<u>380,609</u>	<u>(3,726,683)</u>	<u>14,364,920</u>	<u>30,730</u>	<u>14,395,650</u>	

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,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operating activities	1,228,288	172,968
Income tax paid	(554)	(938)
<b>Net cash inflow from operating activities</b>	<b>1,227,734</b>	<b>172,030</b>
<b>Cash flows from investing activities</b>		
Interest received	62,428	47,077
Proceeds from loan repayment of a joint venture	6,000	–
Proceeds from derecognition of unlisted investments	4,500	–
Proceeds from loan repayment of a third party	2,000	–
Proceeds from disposal of property, plant and equipment	291	55
Principal received on investments in wealth management products	–	6,000
Investment interest received on investments in wealth management products	–	28
Purchases of wealth management products	–	(13,500)
Payment of acquisition of a subsidiary	–	(3,000)
Capital injection of equity investments	–	(1,375)
Payment for bank deposits with the maturity over three month	(821,276)	–
Loans granted to third parties	(183,000)	–
Purchases of property, plant and equipment and investment property	(2,512)	(4,815)
Purchase of Intangible assets	(2,061)	(166)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(933,630)</b>	<b>30,304</b>
<b>Cash flows from financing activities</b>		
Principal and interests elements of lease payments	(10,066)	(18,323)
Transaction with non-controlling interests	(4,500)	–
Dividends paid to non-controlling interests	(3,417)	–
Shares purchased for share award scheme	(1,733)	–
Repayment of borrowings	–	(9,375)
Interest paid	–	(469)
<b>Net cash outflow from financing activities</b>	<b>(19,716)</b>	<b>(28,167)</b>
<b>Net increase in cash and cash equivalents</b>	<b>274,388</b>	<b>174,167</b>
Cash and cash equivalents at beginning of the period	3,919,526	3,538,214
Exchange gains on cash and cash equivalents	79,013	117,421
<b>Cash and cash equivalents at end of the period</b>	<b>4,272,927</b>	<b>3,829,802</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”, each, a “Group Entity”) 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, Pembroke, HM 11, Bermuda.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As at September 30, 2023, the Company is approximately 50.0007% 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 (“Alibaba Holding”).

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, 2023 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, 2023, 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, 2023, 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, 2023 and not been early adopted by the Group. These new standards and amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Classification of liabilities as current or non-current	January 1, 2024
Amendments to HKAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

### 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, 2023.

### 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, 2023.

There have been no material changes in the risk management policies since March 31, 2023.

#### 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, wealth management products, film and TV investments, at fair value, and film investments from business partners.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at September 30, 2023 and March 31, 2023.

	As at September 30, 2023 (Unaudited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss (current)</b>				
Film and TV Investments, at fair value (current)	-	-	43,568	43,568
<b>Financial assets at fair value through profit or loss (non-current)</b>				
Unlisted investments	-	-	695,506	695,506
Listed investment	84,153	-	-	84,153
Film and TV Investments, at fair value (non-current)	-	-	1,822	1,822
<b>Total assets</b>	<b>84,153</b>	<b>-</b>	<b>740,896</b>	<b>825,049</b>
<b>As At September 30, 2023 (Unaudited)</b>				
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss (current)</b>				
Film investments from business partners	-	-	13,050	13,050

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

## 4.2 Fair value estimation (Continued)

	As At March 31, 2023 (Audited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss (current)</b>				
Film and TV investments, at fair value (current)	–	–	43,568	43,568
<b>Financial assets at fair value through profit or loss (non-current)</b>				
Unlisted investments	–	–	700,927	700,927
Listed investment	59,394	–	–	59,394
Film and TV Investments, at fair value (non-current)	–	–	141,375	141,375
<b>Total assets</b>	<b>59,394</b>	<b>–</b>	<b>885,870</b>	<b>945,264</b>
	As At March 31, 2023 (Audited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss (current)</b>				
Film investments from business partners	–	–	13,050	13,050

## 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, 2023 and 2022.

	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Unlisted investments</b>		
Opening balance	700,927	1,272,547
Fair value changes (Note 7)	(689)	(3,818)
Derecognition	(11,500)	–
Currency translation differences	6,768	76,566
<b>Closing balance</b>	<b>695,506</b>	<b>1,345,295</b>
	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Film and TV investments, at fair value</b>		
Opening balance	184,943	217,067
Fair value changes (Note 7)	23,118	39,257
Derecognition	(162,872)	(24,118)
Currency translation differences	201	4,918
<b>Closing balance</b>	<b>45,390</b>	<b>237,124</b>

The film and TV investments, at fair value, are the investments on film and TV drama that do not meet solely payments of principal and interest condition.

## 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, 2023, the Group's operating and reportable segments are as follows:

- Film investment, production, promotion and distribution: the investment, production, promotion and distribution of film related entertainment content both domestically and internationally.
- Film ticketing and technology platform: mainly comprises Tao Piao Piao, Yunzhi and Beacon AI.
- Drama series production: the production and distribution of online drama series and variety shows.
- IP merchandising and innovative initiatives: backed by the Group's licensing and marketing capabilities, the Group could integrate resources within or outside the Alibaba Ecosystem to provide comprehensive distribution channels connecting with both corporate customers and individual consumers ("IP2B2C").

## 5 REVENUES AND SEGMENT INFORMATION (Continued)

	For the six months ended September 30, 2023 (Unaudited)				
	Film investment, production, promotion and distribution RMB'000	Film ticketing and technology platform RMB'000	Drama series production RMB'000	IP merchandising and innovation initiatives RMB'000	Total RMB'000
<b>Segment revenue</b>					
– recognized at a point in time	744,934	499,386	139,207	440,727	1,824,254
– recognized over time	524,645	59,093	–	205,885	789,623
	<b>1,269,579</b>	<b>558,479</b>	<b>139,207</b>	<b>646,612</b>	<b>2,613,877</b>
Income from film and TV investments	–	–	–	1,655	1,655
<b>Total segment revenue</b>	<b>1,269,579</b>	<b>558,479</b>	<b>139,207</b>	<b>648,267</b>	<b>2,615,532</b>
	For the six months ended September 30, 2022 (Unaudited)				
	Film investment, production, promotion and distribution RMB'000	Film ticketing and technology platform RMB'000	Drama series production RMB'000	IP merchandising and innovation initiatives RMB'000	Total RMB'000
<b>Segment revenue</b>					
– recognized at a point in time	426,007	193,584	482,768	233,567	1,335,926
– recognized over time	221,750	44,823	–	225,865	492,438
	<b>647,757</b>	<b>238,407</b>	<b>482,768</b>	<b>459,432</b>	<b>1,828,364</b>
Income from film and TV investments	–	–	–	322	322
<b>Total segment revenue</b>	<b>647,757</b>	<b>238,407</b>	<b>482,768</b>	<b>459,754</b>	<b>1,828,686</b>

## 5 REVENUES AND SEGMENT INFORMATION (Continued)

## Segment revenue and results

	For the six months ended September 30, 2023 (Unaudited)				
	Film investment, production, promotion and distribution RMB'000	Film ticketing and technology platform RMB'000	Drama series production RMB'000	IP merchandising and innovation initiatives RMB'000	Total RMB'000
Segment revenue	1,269,579	558,479	139,207	648,267	2,615,532
Segment results	365,081	204,991	1,694	174,626	746,392
Unallocated selling and marketing expenses					(10,653)
Administrative expenses					(390,597)
Impairment losses on financial assets, net					(23,685)
Other income					29,091
Other gains, net					52,122
Finance income					76,937
Finance expenses					(2,537)
Share of losses of investments accounted for using the equity method					(54,122)
Impairment of investments accounted for using the equity method					(96,911)
<b>Profit before income tax</b>					<b>326,037</b>



## 5 REVENUES AND SEGMENT INFORMATION (Continued)

## Segment revenue and results (Continued)

	For the six months ended September 30, 2022 (Unaudited)				
	Film investment, production, promotion and distribution RMB'000	Film ticketing and technology platform RMB'000	Drama series production RMB'000	IP merchandising and innovation initiatives RMB'000	Total RMB'000
Segment revenue	647,757	238,407	482,768	459,754	1,828,686
Segment results	175,785	91,131	45,732	117,165	429,813
Unallocated selling and marketing expenses					(2,716)
Administrative expenses					(426,285)
Impairment losses on financial assets, net					(11,440)
Other income					30,045
Other losses, net					(79,483)
Finance income					53,464
Finance expenses					(4,257)
Share of losses of investments accounted for using the equity method					(2,306)
<b>Loss before income tax</b>					<b>(13,165)</b>

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 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,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Investment income on loan receivable	16,829	14,017
Local government grants	7,323	941
Additional deduction of input VAT	3,342	12,358
Sundry income	1,597	2,729
<b>Total</b>	<b>29,091</b>	<b>30,045</b>

**7 OTHER GAINS/(LOSSES), NET**

	For the six months ended	
	September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Change in fair value of Film and TV investments, at fair value (Note 4)	23,118	39,257
Change in fair value of listed investment	21,340	11,903
Net gain on disposal of film and TV investment	8,162	4,800
Change in fair value of unlisted investments (Note 4)	(689)	(3,818)
Net gain on disposal of property, plant and equipment	255	39
Change in fair value of investments in wealth management products	-	28
Loss on dilution of investments accounted for using the equity method	-	(130,933)
Others	(64)	(759)
<b>Total</b>	<b>52,122</b>	<b>(79,483)</b>

## 8 FINANCE INCOME, NET

	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Finance income		
– Interest income on bank deposits	71,240	47,077
– Exchange gains, net	5,697	6,387
	<u>76,937</u>	<u>53,464</u>
Finance expenses		
– Interest expenses on lease liabilities	(2,537)	(3,788)
– Interest expenses on bank borrowings	–	(469)
	<u>(2,537)</u>	<u>(4,257)</u>
<b>Finance income, net</b>	<u><b>74,400</b></u>	<u><b>49,207</b></u>

## 9 INCOME TAX CREDIT/(EXPENSE)

	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current income tax	(447)	(871)
Deferred income tax	147,800	(6,027)
	<u>147,353</u>	<u>(6,898)</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.

**9 INCOME TAX CREDIT/(EXPENSE) (Continued)**

Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (the six months ended September 30, 2022: 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, 2022: 15%) under the relevant PRC tax rules and regulations; (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, 2030 and the exemption period is five years according to the relevant PRC tax rules and regulations; and (3) certain subsidiaries of the Company are small low-profit enterprises, followed by a reduced tax rate of 20% (the six months ended September 30, 2022: 20%).

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.

The deferred income tax includes an amount of RMB121,500,000 which relates to carried-forward tax losses of the Group. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the budgets for one subsidiary. The recoverability of deferred tax assets is assessed by the Group based on certain assumptions related to tax planning opportunities and the timing (by year) of future reversal of the deductible temporary differences.

**10 EARNINGS/(LOSS) PER SHARE**

	For the six months ended September 30,	
	2023 (Unaudited) RMB cents	2022 (Unaudited) RMB cents
Basic earnings/(loss) per share	1.74	(0.08)
Diluted earnings/(loss) per share	1.73	(0.08)

**(a) Basic**

Basic earnings or loss per share is calculated by dividing the profit or 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,	
	2023 (Unaudited)	2022 (Unaudited)
Profit/(loss) attributable to owners of the Company (RMB'000)	463,788	(22,319)
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	26,718,257	26,757,790

## 10 EARNINGS/(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, 2023 and 2022, which are share options and unvested awarded shares.

For the six months ended September 30, 2023, diluted earnings per share is calculated based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjustment only for unvested awarded shares granted to employees while share options granted to employees had anti-dilutive effect.

For the six months ended September 30, 2022, the computation of diluted loss per share did not assume the issuance of any dilutive potential ordinary share since they were antidilutive, which would decrease the loss per share.

	<b>For the six months ended</b>	
	<b>September 30,</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) attributable to owners of the Company (RMB'000)	<b>463,788</b>	(22,319)
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<b>26,718,257</b>	26,757,790
Adjustments for share options and unvested awarded shares:		
– Unvested awarded shares assumed vested (thousands)	<b>24,466</b>	–
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousands)	<b>26,742,723</b>	26,757,790
Diluted earnings/(loss) per share (RMB cents)	<b>1.73</b>	(0.08)

## 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,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Beginning of the period	1,827,249	1,723,173
Additions	–	1,375
Share of losses of investments ( <i>Note a</i> )	(54,122)	(2,306)
Loss on dilution of interest in an associate	–	(130,933)
Share of other comprehensive loss of an associate	(2,569)	(6,802)
Share of changes of other reserves of an associate	(471)	1,472
Impairment ( <i>Note b</i> )	(96,911)	–
Currency translation differences	37,480	34,018
End of the period	<u>1,710,656</u>	<u>1,619,997</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 those 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 certain of the associates and joint ventures of the Group. The financial information of certain of the Group's associates and joint ventures as at September 30, 2023 and 2022 are not available. As a result, the Group records its share of profit or loss of those investments accounted for using the equity method on one quarter in arrear basis for the six months ended September 30, 2023 and 2022. While Bona Film Group Co., Limited could provide its financial statements as at September 30, 2023 before the results announcement of the Group, the Group records its share of profit or loss based on its financial statements as at and for the period ended September 30, 2023.

- (b) The Group determines whether interests in investments accounted for using the equity method are impaired by regularly reviewing whether there is any indication of impairment in accordance with relevant accounting standards.

When impairment indicators of the investments accounted for using the equity method were identified, management determines the recoverable amounts, which was the higher of its fair value less costs of disposals and its value in use. When value in use calculations were undertaken, management estimates the present value of estimated future cash flows expected to arise from their businesses.

Based on the assessment results, the Group recognized an impairment loss of RMB96,911,000 (the six months ended September 30, 2022: nil) for the investments accounted for using the equity method of the Group for the period ended September 30, 2023.

## 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>
<b>At March 31, 2023</b>				
Cost	319,163	23,240	3,607,047	224,221
Accumulated depreciation/amortization and impairment	(301,646)	(3,002)	(55,931)	(124,471)
<b>Net book amount</b>	<b>17,517</b>	<b>20,238</b>	<b>3,551,116</b>	<b>99,750</b>
<b>For the six months ended September 30, 2023 (Unaudited)</b>				
Opening net book amount as at April 1, 2023	17,517	20,238	3,551,116	99,750
Additions	2,512	-	-	2,061
Depreciation/amortization charge	(5,042)	(581)	-	(7,267)
Disposals	(36)	-	-	-
<b>Closing net book amount as at September 30, 2023</b>	<b>14,951</b>	<b>19,657</b>	<b>3,551,116</b>	<b>94,544</b>
<b>At September 30, 2023</b>				
Cost	320,965	23,240	3,607,047	226,282
Accumulated depreciation/amortization and impairment	(306,014)	(3,583)	(55,931)	(131,738)
<b>Net book amount</b>	<b>14,951</b>	<b>19,657</b>	<b>3,551,116</b>	<b>94,544</b>

As at September 30, 2023, the Group does not have any material capital commitment (March 31, 2023: nil).

## 13 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	As at September 30, 2023			As at March 31, 2023		
	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 18(b))	813,936	–	813,936	942,431	–	942,431
– Third parties	1,465,235	–	1,465,235	627,036	–	627,036
Less: allowance for impairment of trade receivables	(123,437)	–	(123,437)	(115,211)	–	(115,211)
Trade receivables – net	2,155,734	–	2,155,734	1,454,256	–	1,454,256
Prepaid film deposits	12,500	37,296	49,796	–	49,796	49,796
Other prepayments	96,104	–	96,104	73,551	–	73,551
Other receivables arising from:						
– Receivables from related parties (Note 18(b))	55,453	–	55,453	61,549	–	61,549
– Loan receivables	778,494	332,505	1,110,999	768,319	147,960	916,279
– Receivables in respect of reimbursement of distribution expenses	366,568	–	366,568	155,206	–	155,206
– Receivables in relation to other film and TV investments	323,641	–	323,641	344,420	–	344,420
– Deductible VAT input	144,558	–	144,558	138,466	–	138,466
– Interest income receivables	44,835	–	44,835	31,975	–	31,975
– Deposits receivables	12,519	–	12,519	12,398	–	12,398
– Others	101,021	23,452	124,473	106,560	24,355	130,915
Less: allowance for impairment of other receivables and prepayments	(456,818)	–	(456,818)	(440,201)	–	(440,201)
Other receivables and prepayments – net	1,478,875	393,253	1,872,128	1,252,243	222,111	1,474,354
Total trade and other receivables, and prepayments	3,634,609	393,253	4,027,862	2,706,499	222,111	2,928,610

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:

	<b>As at September 30, 2023 (Unaudited) RMB'000</b>	<b>As at March 31, 2023 (Audited) RMB'000</b>
0 – 90 days	<b>848,273</b>	697,032
91 – 180 days	<b>368,251</b>	67,150
181 – 365 days	<b>505,037</b>	140,693
Over 365 days	<b>557,610</b>	664,592
	<b><u>2,279,171</u></b>	<u>1,569,467</u>

**14 SHARE CAPITAL**

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

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>	<b>Equivalent to RMB'000</b>
<b>At April 1 and September 30, 2023</b>	<b><u>26,975,740,156</u></b>	<b><u>6,743,935</u></b>	<b><u>5,452,976</u></b>
<b>At April 1 and September 30, 2022</b>	<b><u>26,975,740,156</u></b>	<b><u>6,743,935</u></b>	<b><u>5,452,976</u></b>

## 15 SHARE-BASED PAYMENT

During the six months ended September 30, 2023 and 2022, share-based payment expenses recognized in the interim condensed consolidated statement of profit or loss include:

	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Share-based payment under the Share Option Scheme (Note a)	2,332	18,111
Share-based payment under the Share Award Scheme (Note b)	39,816	74,054
Share-based payment transactions with ultimate parent (Note c)	16,465	34,372
	<b>58,613</b>	<b>126,537</b>

### (a) The Share Option Scheme

The 2012 Share Option Scheme was 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 the 2021 Share Option Scheme has been adopted, on September 6, 2021. All outstanding options granted under the 2012 Share Option Scheme remain valid upon expiry of the 2012 Share Option Scheme.

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 the 2021 Share Option Scheme, must not exceed 30% and 8% respectively 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.

There are no options granted during the six months ended September 30, 2023.

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.

## 15 SHARE-BASED PAYMENT (Continued)

## (a) The Share Option Scheme (Continued)

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, 2023 (Unaudited)		For the six months ended September 30, 2022 (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	1.102	13,475,000	1.220	239,785,600
Lapsed	1.477	<u>(1,100,000)</u>	1.246	<u>(5,395,000)</u>
Closing balance	1.068	<u>12,375,000</u>	1.219	<u>234,390,600</u>

Note:

For the six months ended September 30, 2023, value of employee services provided under the Share Option Scheme recognized in the interim condensed consolidated statement of profit or loss was RMB2,332,000 (the six months ended September 30, 2022: RMB18,111,000).

## (b) 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 Alibaba Holding (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).

## 15 SHARE-BASED PAYMENT *(Continued)*

### (b) Share Award Scheme *(Continued)*

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 due 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.

As at September 30, 2023, the remaining life of the Share Award Scheme is approximately 8.5 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 8% 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.

## 15 SHARE-BASED PAYMENT (Continued)

## (b) Share Award Scheme (Continued)

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, 2023 (Unaudited)		For the six months ended September 30, 2022 (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	0.938	358,645,157	1.207	305,075,251
Granted	0.410	231,991,350	0.715	156,142,954
Vested	0.998	(103,183,762)	1.185	(83,342,619)
Lapsed	0.663	(17,067,071)	1.015	(22,599,662)
Closing balance	0.674	470,385,674	1.008	355,275,924

Note:

The fair value of awarded shares charged to the interim condensed consolidated statement of profit or loss is RMB39,816,000 during the six months ended September 30, 2023 (the six months ended September 30, 2022: RMB74,054,000).

## (c) Share-based payment transactions with ultimate parent

On September 29, 2022, the Company and Alibaba Holding entered into a framework agreement relating to equity-based compensation (“EBC”) cost allocation and reimbursement (the “Framework Agreement”). As each of Alibaba Holding and the Company is committed to allow internal transfers between the Group and Alibaba Holding, its subsidiaries and affiliates (other than the Group) (the “Alibaba Holding Entities”, each an “Alibaba Holding Entity”) when equity-based awards are vital to attract, incentivize and retain employees, each of them agreed to enter into the Framework Agreement, allowing the grantees to retain their awards after the internal transfers and allocating their EBC costs to the relevant entity to which such grantee has joined.

## 15 SHARE-BASED PAYMENT (Continued)

### (c) Share-based payment transactions with ultimate parent (Continued)

In respect of the restricted share units, options or any other equity incentive awards of Alibaba Holding Entities pursuant to their respective equity incentive plans and/or any other EBC plans (the “Alibaba Holding Group Awards”) held by any grantees (whose employment is transferred from an Alibaba Holding Entity to a Group Entity), Alibaba Holding may allocate the EBC costs associated with those unvested Alibaba Holding Group Awards to the Company and subject to relevant adjustments upon vesting, the Company may reimburse Alibaba Holding the amount in respect of the relevant vested Alibaba Holding Group Awards. The cost allocation from Alibaba Holding to the Company was treated as share-based payment transactions with Alibaba Holding and the related share-based payment expenses were to be recognized in profit or loss over the remaining vesting periods of the share-based compensation in accordance with ‘HKFRS 2 – Share-based payment’. The Company recognized share-based payment expenses of RMB16,465,000 for Alibaba Holding Group Awards for the six months ended September 30, 2023, with a net amount of RMB46,719,000 to be reimbursed by the Company to Alibaba Holding as at September 30, 2023, after offsetting any payment payable to each other pursuant to the Framework Agreement.

In respect of the awarded shares, options or any other equity incentive awards of the Group pursuant to its share award scheme(s), share option scheme(s) and any other EBC plans (the “Group Awards”) held by any grantees (whose employment is transferred from a Group Entity to an Alibaba Holding Entity), the Company may allocate the EBC costs associated with those unvested Group Awards to Alibaba Holding and subject to relevant adjustments upon vesting, Alibaba Holding may reimburse the Company the amount in respect of the relevant vested Group Awards. During the six months ended September 30, 2023, the related share-based compensation recognized in relation to the cost allocation above and the corresponding amount derecognized in other reserve amounted to RMB5,244,000.

## 16 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES

	As at September 30, 2023 (Unaudited) RMB'000	As at March 31, 2023 (Audited) RMB'000
Trade payables (Note)		
– Related parties (Note 18(c))	51,550	52,229
– Third parties	353,726	313,744
	<u>405,276</u>	<u>365,973</u>
Other payables and accrued charges		
Amounts due to related parties (Note 18(c))	114,233	58,950
Payables in relation to distribution of films	1,445,488	195,690
Accrued marketing expense	132,907	101,293
Payroll and welfare payable	100,970	152,514
Other tax payable	89,431	84,484
Amounts received on behalf of cinema ticketing system providers	47,103	44,265
Professional fees payable	20,238	11,725
Deposits from customers	7,654	7,624
Amounts received on behalf of cinemas	3,090	3,020
Others	84,882	58,033
	<u>2,045,996</u>	<u>717,598</u>
<b>Total trade and other payables, and accrued charges</b>	<u><b>2,451,272</b></u>	<u><b>1,083,571</b></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, 2023 (Unaudited) RMB'000	As at March 31, 2023 (Audited) RMB'000
0 – 90 days	273,352	267,893
91 – 180 days	59,460	44,818
181 – 365 days	39,572	25,398
Over 365 days	32,892	27,864
	<u>405,276</u>	<u>365,973</u>

## 17 DIVIDENDS

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended September 30, 2023 (the six months ended September 30, 2022: nil).

## 18 RELATED PARTY TRANSACTIONS

As at September 30, 2023, the Company is 50.0007% owned by Ali CV. The remaining 49.9993% of the Company's shares are widely held. The ultimate parent of the Company is Alibaba Holding, a company whose shares are listed on New York Stock Exchange and Hong Kong Stock Exchange and incorporated in 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,	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Provision of services to Alibaba Holding's subsidiaries	322,046	268,446
Sales of film and TV copyrights to Alibaba Holding's subsidiaries	133,108	420,538
Purchase of services from Alibaba Holding's subsidiaries	73,050	71,237
Purchase of services from related companies of Alibaba Holding	25,539	15,143
Share-based compensation expenses attributable to the Alibaba Holding Group Awards	16,465	34,372
Cost allocation of the Group Awards to Alibaba Holding	5,244	5,016
Purchase of services from an associate	1,175	–
Provision of services to an associate	1,061	2,156
Provision of services to related companies of Alibaba Holding	656	1,628

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.



## 18 RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances due from related parties

	As at September 30, 2023 (Unaudited) RMB'000	As at March 31, 2023 (Audited) RMB'000
<b>Trade receivables</b>		
Amounts due from Alibaba Holding's subsidiaries	546,268	637,183
Amounts due from associates	214,064	277,027
Amounts due from other related companies	51,182	25,759
Amounts due from related companies of Alibaba Holding	2,422	2,462
<b>Other receivables</b>		
Amounts due from associates and joint venture	54,781	60,671
Amounts due from Alibaba Holding's subsidiaries	542	760
Amounts due from related companies of Alibaba Holding	130	118

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, 2023, the Group has placed deposits amounted to RMB368,251,000 (March 31, 2023: RMB184,285,000) in the Group's settlement accounts maintained with Alipay.com Co., Ltd (a related company of Alibaba Holding), which had been recorded as 'cash and cash equivalents' in the consolidated balance sheet.

**18 RELATED PARTY TRANSACTIONS** (Continued)**(c) Balances due to related parties**

	As at September 30, 2023 (Unaudited) RMB'000	As at March 31, 2023 (Audited) RMB'000
<b>Trade payables</b>		
Amounts due to Alibaba Holding's subsidiaries	28,979	14,506
Amounts due to related companies of Alibaba Holding	14,201	21,221
Amounts due to associates	7,004	6,890
Amounts due to other related companies	1,366	9,612
<b>Other payables</b>		
Amounts due to Alibaba Holding's subsidiaries	102,060	44,766
Amounts due to associates	12,134	14,008
Amounts due to related companies of Alibaba Holding	39	176
<b>Contract Liabilities</b>		
Amounts due to Alibaba Holding's subsidiaries	<u>83,681</u>	<u>8,706</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,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Salaries, allowances and other benefits	1,152	1,142
Share-based payments	<u>7,261</u>	<u>7,903</u>
	<u>8,413</u>	<u>9,045</u>

## 19 TRANSACTION WITH NON-CONTROLLING INTERESTS

On July 27, 2023, the Group acquired an additional 29.9965% of the shares of Beijing Yunshangzhi Software Development Co., Ltd (“Yunshangzhi”) for RMB4,500,000. The Group recognized an increase in non-controlling interests of RMB3,931,000 and a decrease in equity attributable to owners of the parent of RMB8,431,000. The effect on the equity attributable to the owners of Yunshangzhi during this period is summarised as follows:

	For the six months ended September 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Carrying amount of non-controlling interests acquired	(3,931)	—
Consideration paid to non-controlling interests	(4,500)	—
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(8,431)	—

There were no transactions with non-controlling interests for the six months ended September 30, 2022.

## 20 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On September 19, 2023, the Company and AIL entered into the Share Purchase Agreement, pursuant to which the Company had conditionally agreed to acquire and AIL had conditionally agreed to sell, at Closing, 100% of the total issued and outstanding share capital of the Pony Media Holdings Inc. (the “Target Company”) and its subsidiaries, including the Damai Development, Jinmai Technology and Damai Communication (collectively, the “OPCOs”) which are controlled by the Target Company through the Contractual Arrangements. The aggregate consideration shall be US\$167 million and shall be satisfied by the Company allotting and issuing to AIL 2,513,028,847 Consideration Shares at an Issue Price of HK\$0.52 per Consideration Share at Closing.

The agreement has been approved by the special general meeting held on October 31, 2023. As at the date of this report the above acquisition is still in progress.