



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

2020 / 21

INTERIM REPORT

Stock Code: 1060

This Interim Report is printed on environmentally friendly paper 

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fan Luyuan (*Chairman & Chief Executive Officer*)
Mr. Li Jie (*President*)
Mr. Meng Jun (*Chief Financial Officer*)

Non-Executive Director

Mr. Xu Hong

Independent Non-Executive Directors

Ms. Song Lixin
Mr. Tong Xiaomeng
Mr. Johnny Chen

EXECUTIVE COMMITTEE

Mr. Fan Luyuan (*Committee Chairman*)
Mr. Li Jie
Mr. Meng Jun

REMUNERATION COMMITTEE

Mr. Tong Xiaomeng (*Committee Chairman*)
Mr. Fan Luyuan
Ms. Song Lixin

AUDIT COMMITTEE

Mr. Johnny Chen (*Committee Chairman*)
Ms. Song Lixin
Mr. Tong Xiaomeng

NOMINATION COMMITTEE

Mr. Fan Luyuan (*Committee Chairman*)
Mr. Tong Xiaomeng
Mr. Johnny Chen

COMPANY SECRETARY

Ms. Lew Aishan Nicole

SOLICITOR

Mayer Brown

AUDITOR

PricewaterhouseCoopers
Registered Public Interest Entity Auditor

WEBSITE

www.alibabapictures.com

PRINCIPAL BANKERS

China CITIC Bank International Limited
China Merchants Bank Co., Ltd.
Bank of Communications Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Citibank (China) Co., Ltd.
East West Bank
JPMorgan Chase Bank, N.A.

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F Tower One, Times Square, 1 Matheson Street,
Causeway Bay, Hong Kong
Telephone : (852) 2215 5428
Facsimile : (852) 2215 5200

BEIJING OFFICE

Block B, Wangjing, Ali Center,
Building 4, Zone 4, Wangjing East Park,
Chaoyang District, Beijing, China
Postal Code : 100020
Telephone : (86) 10 5885 1881
Facsimile : (86) 10 5697 2838

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
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

STOCK CODE

Stock Code on The Stock Exchange of
Hong Kong Limited: 1060



羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 3 to 35, which comprises the interim condensed consolidated balance sheet of Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at September 30, 2020 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, November 19, 2020

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the six months ended	
		September 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Revenue	5	926,669	1,501,302
Cost of sales and services		(575,999)	(602,878)
Gross profit		350,670	898,424
Selling and marketing expenses		(69,130)	(658,253)
Administrative expenses		(415,209)	(474,976)
Impairment losses on financial assets, net		(80,079)	(119,930)
Other income	6	25,128	44,780
Other losses, net	7	(7,607)	(25,901)
Operating loss		(196,227)	(335,856)
Finance income	8	50,184	115,898
Finance expenses	8	(10,197)	(21,204)
Finance income, net		39,987	94,694
Share of losses of investments accounted for using the equity method	11	(8,609)	(49,343)
Impairment of investments accounted for using the equity method	11	(5,254)	(105,000)
Loss before income tax		(170,103)	(395,505)
Income tax credit/(expense)	9	353	(792)
Loss for the period		(169,750)	(396,297)
Attributable to:			
Owners of the Company		(162,089)	(390,360)
Non-controlling interests		(7,661)	(5,937)
Loss per share attributable to owners of the Company for the period (expressed in RMB cents per share)	10		
– Basic		(0.61)	(1.48)
– Diluted		(0.61)	(1.48)

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,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	(169,750)	(396,297)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>(90,618)</u>	<u>71,468</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(90,618)</u>	<u>71,468</u>
Total comprehensive loss for the period	<u>(260,368)</u>	<u>(324,829)</u>
Attributable to:		
Owners of the Company	<u>(258,132)</u>	<u>(321,797)</u>
Non-controlling interests	<u>(2,236)</u>	<u>(3,032)</u>
Total comprehensive loss for the period	<u>(260,368)</u>	<u>(324,829)</u>

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
Assets			
Non-current assets			
Property, plant and equipment	12	60,782	73,575
Investment property	12	23,143	–
Goodwill	12	3,551,116	3,551,116
Intangible assets	12	133,204	141,090
Right-of-use assets	12	267,624	282,261
Deferred income tax assets		13,396	13,054
Investments accounted for using the equity method	11	2,176,510	2,205,079
Film and TV rights and investments		223,890	226,666
Financial assets at fair value through profit or loss	4	923,646	860,883
Trade and other receivables, and prepayments	13	801,397	802,593
		<u>8,174,708</u>	<u>8,156,317</u>
Current assets			
Film and TV rights and investments		1,498,429	1,593,065
Trade and other receivables, and prepayments	13	1,723,644	1,661,367
Current income tax recoverable		598	2,295
Financial assets at fair value through profit or loss	4	170,700	250,750
Cash and cash equivalents		3,451,760	4,004,528
Bank deposits with the maturity over three months		204,342	159,496
Restricted cash		19,681	20,061
		<u>7,069,154</u>	<u>7,691,562</u>
Total assets		<u>15,243,862</u>	<u>15,847,879</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	14	5,423,927	5,421,652
Reserves		8,295,700	8,476,724
		<u>13,719,627</u>	<u>13,898,376</u>
Non-controlling interests		<u>73,693</u>	<u>78,094</u>
Total equity		<u>13,793,320</u>	<u>13,976,470</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	<i>Note</i>	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
Liabilities			
Non-current liabilities			
Borrowings	16	22,500	384,435
Deferred income tax liabilities		68,508	70,216
Lease liabilities		258,745	272,176
Trade and other payables, and accrued charges	17	3,000	3,000
		352,753	729,827
Current liabilities			
Borrowings	16	12,500	10,000
Trade and other payables, and accrued charges	17	925,941	963,769
Contract liabilities		107,723	131,939
Lease liabilities		51,625	35,874
		1,097,789	1,141,582
Total liabilities		1,450,542	1,871,409
Total equity and liabilities		15,243,862	15,847,879

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Continued)

Note	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Other reserve RMB'000	Shareholder's contribution reserve RMB'000	Translation reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
For the six months ended September 30, 2019 (Unaudited)											
At April 1, 2019	5,377,988	13,223,637	(235,906)	(1,071,288)	48,527	(85,019)	225,840	(2,627,336)	14,856,443	95,752	14,952,195
Loss for the period	-	-	-	-	-	-	-	(390,360)	(390,360)	(5,937)	(396,297)
Other comprehensive income for the period:											
- Currency translation differences	-	-	-	-	-	68,563	-	-	68,563	2,905	71,468
Total comprehensive loss for the period	-	-	-	-	-	68,563	-	(390,360)	(321,797)	(3,032)	(324,829)
Exercise of share options under share option scheme	14	788	4,439	-	-	-	(1,584)	-	3,643	-	3,643
Shares purchased for share award scheme	-	-	(2,735)	-	-	-	-	-	(2,735)	-	(2,735)
Shares vested under share award scheme	-	-	26,935	-	-	-	(26,935)	-	-	-	-
Value of employee services provided under share option scheme and share award scheme	15	-	-	-	-	-	46,585	-	46,585	-	46,585
Value of employee services provided in relation to share-based payment transactions with Alibaba Group Holding Limited ("AGH")	15	-	-	-	-	-	57	-	57	-	57
At September 30, 2019	5,378,776	13,228,076	(211,706)	(1,071,288)	48,527	(16,456)	243,963	(3,017,696)	14,582,196	92,720	14,674,916

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,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Cash used in operating activities	(108,136)	(667,271)
Income tax paid	—	(1,062)
	<u>(108,136)</u>	<u>(668,333)</u>
Net cash outflow from operating activities		
Cash flows from investing activities		
Change in investments in wealth management products, net	80,050	(105,083)
Interest received	46,110	27,485
Investment interest received on investments in wealth management products	3,803	3,451
Proceeds from decrease of unlisted investments	122	—
Purchases of property, plant and equipment and investment property	(1,854)	(8,798)
Payment of acquisition of a subsidiary	(4,000)	—
Loans granted to an associate	(20,000)	—
Change in bank deposits with the maturity over three months, net	(25,914)	792,866
Increase in unlisted equity investments	(80,000)	(24,863)
Repayment of convertible bonds	—	500,000
Interest received on convertible bonds	—	146,800
Change in bank deposits with the maturity over one year	—	50,000
Proceeds from disposal of property, plant and equipment	—	594
Investments in joint ventures	—	(9,490)
Purchase of intangible assets	—	(1,707)
	<u>(1,683)</u>	<u>1,371,255</u>
Net cash (outflow)/inflow from investing activities		

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash flows from financing activities		
Exercise of share options under share option scheme	9,304	3,643
Dividends paid to non-controlling interests	(2,165)	–
Interest paid	(4,641)	(12,400)
Principal elements of lease payments	(5,304)	(15,011)
Shares purchased for share award scheme	(5,991)	(2,735)
Repayment of borrowings	(358,550)	(2,500)
Net cash outflow from financing activities	(367,347)	(29,003)
Net (decrease)/increase in cash and cash equivalents	(477,166)	673,919
Cash and cash equivalents at beginning of the period	4,004,528	3,341,470
Exchange (losses)/gains on cash and cash equivalents	(75,602)	121,400
Cash and cash equivalents at end of the period	3,451,760	4,136,789

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “HK Stock Exchange”) and secondary listing on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). On June 18, 2020, the board of directors of the Company announces that it has sought, and received confirmation from the SGX-ST that it has no objection to the proposed voluntary delisting of the shares of the Company from the Main Board of the SGX-ST, subject to certain conditions. As at September 30, 2020, the Company is 50.27% owned by Ali CV Investment Holding Limited (“Ali CV”). Ali CV is a wholly-owned subsidiary of Alibaba Investment Limited (“AIL”) which is in turn wholly-owned by Alibaba Group Holding Limited (“AGH”).

In the first half of 2020, the global COVID-19 epidemic imposed negative and persistent impact on the film and television industry, resulting in closures of cinemas, suspension of production of films and TV dramas, and a plunge in consumption needs for offline film contents. This has adversely affected the Group’s business operations continuously and resulted in a significant decrease in the Group’s revenue during the six months ended September 30, 2020.

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, 2020 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, 2020, 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, 2020, 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

Amendments to HKFRS 3 – Regarding definition of a business

Amendments to HKAS 1 and HKAS 8 – Regarding definition of material

Revised Conceptual Framework for Financial Reporting

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Regarding interest rate benchmark reform

The above new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(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, 2020 and not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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, 2020.

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 and fair value 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, 2020.

There have been no material changes in the risk management policies since March 31, 2020.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

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.

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

The following table presents the Group's financial assets that are measured at fair value at September 30, 2020 and March 31, 2020.

	As at September 30, 2020 (Unaudited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in wealth management products	–	–	170,700	170,700
Film and TV Investments, at fair value (current)	–	–	171,325	171,325
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	923,646	923,646
Film and TV Investments, at fair value (non-current)	–	–	223,890	223,890
Total assets	–	–	1,489,561	1,489,561

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

4.2 Fair value estimation (Continued)

	As At March 31, 2020 (Audited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss (current)				
Investments in wealth management products	–	–	250,750	250,750
Film and TV investments, at fair value (current)	–	–	171,527	171,527
Financial assets at fair value through profit or loss (non-current)				
Unlisted investments	–	–	860,883	860,883
Film and TV investments, at fair value (non-current)	–	–	226,666	226,666
Total assets	–	–	1,509,826	1,509,826

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, 2020 and 2019.

	For the six months ended September 30,	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Investments in wealth management products		
Opening balance	250,750	190,017
Change in investment amount, net	(83,853)	101,632
Fair value changes (Note 7)	3,803	5,762
Closing balance	170,700	297,411

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

*(Continued)*4.3 Fair value measurements using significant unobservable inputs *(Continued)*

	For the six months ended September 30,	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Unlisted investments		
Opening balance	860,883	793,542
Change in investment amount, net	80,000	24,863
Fair value changes <i>(Note 7)</i>	(9,955)	–
Derecognition	(122)	–
Effect of changes in exchange rate	(7,160)	1,310
Closing balance	923,646	819,715
For the six months ended September 30,		
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Film and TV investments, at fair value		
Opening balance	398,193	275,294
Change in investment amount, net	14,001	251,558
Fair value changes <i>(Note 7)</i>	(7,550)	–
Derecognition	(6,653)	(130,102)
Effect of changes in exchange rate	(2,776)	–
Impairment	–	(88,593)
Closing balance	395,215	308,157

5 REVENUES AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of Directors of the Company. The management of the company 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, 2020, the Group's operating and reportable segments are as follows:

- Internet-based promotion and distribution: the operation of an integrated O2O platform for the promotion and distribution of entertainment content, and the provision of online movie ticketing service to consumers and ticket issuance system to cinemas.
- Content production: the investment and production of entertainment content such as film and drama series both domestically and internationally.
- Integrated development: centered around copyrights, the development of professional services ranging from financing, business placement, promotion and distribution to merchandising.

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

	Internet-based promotion and distribution <i>RMB'000</i>	Content production <i>RMB'000</i>	Integrated development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
– recognized at a point in time	305,040	353,938	157,090	816,068
– recognized over time	76,344	28,125	–	104,469
	381,384	382,063	157,090	920,537
Income from film and TV investments	–	–	6,132	6,132
Total segment revenue	381,384	382,063	163,222	926,669

5 REVENUES AND SEGMENT INFORMATION (Continued)

For the six months ended September 30, 2019

(Unaudited)

	Internet-based promotion and distribution RMB'000	Content production RMB'000	Integrated development RMB'000	Total RMB'000
Segment revenue				
– recognized at a point in time	712,772	204,604	110,908	1,028,284
– recognized over time	467,394	–	–	467,394
	1,180,166	204,604	110,908	1,495,678
Income from film and TV investments	–	–	5,624	5,624
Total segment revenue	1,180,166	204,604	116,532	1,501,302

Segment revenue and results

For the six months ended September 30, 2020

(Unaudited)

	Internet-based promotion and distribution RMB'000	Content production RMB'000	Integrated development RMB'000	Total RMB'000
Segment revenue	381,384	382,063	163,222	926,669
Segment results	129,462	66,265	89,349	285,076
Unallocated selling and marketing expenses				(3,536)
Administrative expenses				(415,209)
Impairment losses on financial assets, net				(80,079)
Other income				25,128
Other losses, net				(7,607)
Finance income				50,184
Finance expenses				(10,197)
Share of losses of investments accounted for using the equity method				(8,609)
Impairment of investments accounted for using the equity method				(5,254)
Loss before income tax				(170,103)

5 REVENUES AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	For the six months ended September 30, 2019 (Unaudited)			
	Internet-based promotion and distribution <i>RMB'000</i>	Content production <i>RMB'000</i>	Integrated development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	1,180,166	204,604	116,532	1,501,302
Segment results	250,698	(75,026)	72,254	247,926
Unallocated selling and marketing expenses				(7,755)
Administrative expenses				(474,976)
Impairment losses on financial assets, net				(119,930)
Other income				44,780
Other losses, net				(25,901)
Finance income				115,898
Finance expenses				(21,204)
Share of losses of investments accounted for using the equity method				(49,343)
Impairment of investments accounted for using the equity method				(105,000)
Loss before income tax				(395,505)

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

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

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

6 OTHER INCOME

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Investment income on loan receivable and receivable from convertible bonds	16,489	28,965
Additional deduction of input VAT	3,493	–
Local government grants	2,081	13,182
Sundry income	3,065	2,633
	<hr/>	<hr/>
Total	25,128	44,780

7 OTHER LOSSES, NET

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Compensation for the loss from film rights distribution	(11,491)	–
Change in fair value of investments in wealth management products (Note 4)	(3,803)	(5,762)
Change in fair value of unlisted investments (Note 4)	9,955	–
Change in fair value of Film and TV investments, at fair value (Note 4)	7,550	–
Losses from settlement of prepaid film deposits	4,000	–
Change in fair value of convertible bonds	–	29,035
Net gains on disposal of property, plant and equipment	–	(167)
Others	1,396	2,795
	<hr/>	<hr/>
Total	7,607	25,901

8 FINANCE INCOME, NET

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	43,586	33,548
– Exchange gains, net	6,598	82,350
	<u>50,184</u>	<u>115,898</u>
Finance expenses		
– Interest expenses on lease liabilities	(7,624)	(8,749)
– Interest expenses on bank borrowings	(2,573)	(12,455)
	<u>(10,197)</u>	<u>(21,204)</u>
Finance income, net	<u>39,987</u>	<u>94,694</u>

9 INCOME TAX CREDIT/(EXPENSE)

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	(1,697)	(6,141)
Deferred income tax	2,050	5,349
	<u>353</u>	<u>(792)</u>

9 INCOME TAX CREDIT/(EXPENSE) (Continued)

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

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

Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (the six months ended September 30, 2019: 25%) on the assessable income of each of the group companies. One subsidiary of the Company which was incorporated in Horgos, Xinjiang Province, is exempted from income taxes from its date of incorporation to December 31, 2020 according to the relevant PRC tax rules and regulations.

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

10 LOSS PER SHARE

	For the six months ended September 30,	
	2020 (Unaudited) RMB cents	2019 (Unaudited) RMB cents
Basic/diluted loss per share	<u>0.61</u>	<u>1.48</u>

(a) Basic

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

	For the six months ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	<u>162,089</u>	<u>390,360</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme (thousands)	<u>26,588,384</u>	<u>26,367,531</u>

10 LOSS PER SHARE (Continued)

(b) Diluted

Diluted earnings or loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares for the six months ended September 30, 2020 and 2019, which are share options and unvested awarded shares. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the closing market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings or loss per share.

The computation of diluted loss per share for the six months ended September 30, 2020 and 2019 did not assume the issuance of any dilutive potential ordinary share since they are antidilutive, which would decrease the loss per share.

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At April 1,	2,205,079	2,401,989
Additions	–	9,490
Share of losses of investments (Note a)	(8,609)	(49,343)
Impairment (Note b)	(5,254)	(105,000)
Currency translation differences	(14,706)	22,937
	<u>2,176,510</u>	<u>2,280,073</u>
At September 30,	2,176,510	2,280,073

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(Continued)

Notes:

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

The financial year end date of the Group is March 31, which is different from those of the associates and joint ventures of the Group. The financial information of the Group's associates and joint ventures as at September 30, 2020 and 2019 are not available. As a result, the Group records its share of profit or loss of investments accounted for using the equity method on one quarter in arrear basis for the six months ended September 30, 2020 and 2019.

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

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

12 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY, GOODWILL, INTANGIBLE ASSETS AND RIGHT-OF-USE 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>	Right-of-use assets <i>RMB'000</i>
At March 31, 2020					
Cost	353,398	–	3,607,047	222,584	318,273
Accumulated depreciation/ amortization and impairment	(279,823)	–	(55,931)	(81,494)	(36,012)
Net book amount	73,575	–	3,551,116	141,090	282,261
For the six months ended September 30, 2020 (Unaudited)					
Opening net book amount as at April 1, 2020	73,575	–	3,551,116	141,090	282,261
Additions	1,614	23,240	–	–	–
Depreciation/amortization charge	(14,407)	(97)	–	(7,886)	(14,637)
Closing net book amount as at September 30, 2020	60,782	23,143	3,551,116	133,204	267,624
At September 30, 2020					
Cost	355,012	23,240	3,607,047	222,584	318,273
Accumulated depreciation/ amortization and impairment	(294,230)	(97)	(55,931)	(89,380)	(50,649)
Net book amount	60,782	23,143	3,551,116	133,204	267,624

As at September 30, 2020, the Group does not have any material capital commitment (March 31, 2020: nil).

13 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	As at September 30, 2020 (Unaudited)			As at March 31, 2020 (Audited)		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade receivables (Note)						
– Related parties (Note 19(b))	730,690	–	730,690	543,107	–	543,107
– Third parties	682,368	–	682,368	752,772	–	752,772
Less: allowance for impairment of trade receivables	(221,718)	–	(221,718)	(253,977)	–	(253,977)
Trade receivables – net	<u>1,191,340</u>	<u>–</u>	<u>1,191,340</u>	<u>1,041,902</u>	<u>–</u>	<u>1,041,902</u>
Prepaid film deposits	40,000	10,000	50,000	77,000	10,000	87,000
Prepayments to related parties (Note 19(b))	979	–	979	475	–	475
Other prepayments	36,668	–	36,668	21,496	–	21,496
Other receivables arising from:						
– Receivables from related parties (Note 19(b))	62,985	–	62,985	44,261	–	44,261
– Loan receivables	–	849,397	849,397	–	838,320	838,320
– Receivables in relation to other film and TV investments	238,637	–	238,637	269,946	–	269,946
– Receivables in respect of reimbursement of distribution expenses	95,284	–	95,284	48,216	–	48,216
– Deductible VAT input	69,772	–	69,772	86,312	–	86,312
– Refund receivable in relation to the restructuring of an associate	38,883	–	38,883	38,883	–	38,883
– Interest income receivables	25,906	–	25,906	28,430	–	28,430
– Receivables in respect of reimbursement of movie tickets refund	23,132	–	23,132	30,946	–	30,946
– Deposits receivables	19,105	–	19,105	23,501	–	23,501
– Others	130,406	6,604	137,010	101,718	4,273	105,991
Less: allowance for impairment of prepayments and other receivables	(249,453)	(64,604)	(314,057)	(151,719)	(50,000)	(201,719)
Other receivables and prepayments – net	<u>532,304</u>	<u>801,397</u>	<u>1,333,701</u>	<u>619,465</u>	<u>802,593</u>	<u>1,422,058</u>
Total trade and other receivables, and prepayments	<u>1,723,644</u>	<u>801,397</u>	<u>2,525,041</u>	<u>1,661,367</u>	<u>802,593</u>	<u>2,463,960</u>

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 ranging from 30 days to two years. Before accepting any new debtor, the Group assesses the potential debtor's credit quality and defines credit limits by debtor. Credit limits granted to debtors are reviewed regularly.

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

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
0 – 90 days	404,392	386,748
91 – 180 days	78,295	291,037
181 – 365 days	502,532	284,557
Over 365 days	427,839	333,537
	<u>1,413,058</u>	<u>1,295,879</u>

14 SHARE CAPITAL

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

	Number of shares	Share capital HK\$'000	Equivalent to RMB'000
At April 1, 2020	26,822,015,210	6,705,504	5,421,652
Exercise of share options under share option scheme	<u>10,111,000</u>	<u>2,528</u>	<u>2,275</u>
At September 30, 2020 (Unaudited)	<u>26,832,126,210</u>	<u>6,708,032</u>	<u>5,423,927</u>
At April 1, 2019	26,628,822,510	6,657,206	5,377,988
Exercise of share options under share option scheme	<u>3,550,000</u>	<u>888</u>	<u>788</u>
At September 30, 2019 (Unaudited)	<u>26,632,372,510</u>	<u>6,658,094</u>	<u>5,378,776</u>

15 SHARE-BASED PAYMENT

During the six months ended September 30, 2020 and 2019, share-based payment expenses recognized in the interim condensed consolidated statement of profit or loss include:

	For the six months ended	
	September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Share-based payment under the 2012 Share Option Scheme (Note a)	15,109	8,509
Share-based payment under the Share Award Scheme (Note b)	61,515	38,076
Share-based payment transactions with AGH	—	57
	<u>76,624</u>	<u>46,642</u>

(a) The 2012 Share Option Scheme (the “2012 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 will expire on June 10, 2022.

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

The fair values of the options granted pursuant to the 2012 Share Option Scheme during the six months ended September 30, 2020 are as below:

	Unaudited Fair value RMB'000
Grant date	
June 5, 2020	70,136
September 11, 2020	<u>30,774</u>
	<u>100,910</u>

15 SHARE-BASED PAYMENT (Continued)

(a) The 2012 Share Option Scheme (the “2012 Share Option Scheme”) (Continued)

The weighted average fair value of options granted during the six months ended September 30, 2020 determined using the binomial model was HK\$0.66 per option. The subjectivity and uncertainty of the values of options are subject to a number of assumptions and the limitation of the model. The significant inputs into the model were weighted average share price of HK\$1.092 at the grant date, weighted average exercise price of HK\$0.961, volatility of 40%~42.92%, zero expected dividend yield, a contractual option life of ten years, and an annual risk-free interest rate of 1.23%~1.74%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 10 years.

A forfeiture occurs when either a service or a non-market performance conditions is not met, as this affects the number of share options that vest. If the share options are forfeited, any expenses previously recognized in relation to such share options are reversed effective the date of the forfeiture.

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

Movements of the share options granted by the Company pursuant to the 2012 Share Option Scheme are as below:

	For the six months ended September 30, 2020 (Unaudited)		For the six months ended September 30, 2019 (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	1.288	231,197,500	1.089	144,505,000
Granted	1.092	92,447,400	1.564	93,192,500
Exercised	0.961	(10,111,000)	1.158	(3,550,000)
Lapsed	1.266	(30,222,800)	1.222	(8,750,000)
Closing balance	1.238	283,311,100	1.279	225,397,500

Note:

For the six months ended September 30, 2020, value of employee services provided under the 2012 Share Option Scheme recognized in the interim condensed consolidated statement of profit or loss was RMB15,109,000 (the six months ended September 30, 2019: RMB8,509,000).

15 SHARE-BASED PAYMENT (Continued)

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

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

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

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

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

15 SHARE-BASED PAYMENT (Continued)

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

As at September 30, 2020, the remaining life of the Share Award Scheme is approximately 11.5 years.

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

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

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

	For the six months ended September 30, 2020 (Unaudited)		For the six months ended September 30, 2019 (Unaudited)	
	Weighted average fair value in HK\$ (per share)	Number of awarded share	Weighted average fair value in HK\$ (per share)	Number of awarded share
Opening balance	1.360	291,164,800	1.054	186,843,100
Granted	1.081	165,041,100	1.573	181,742,700
Vested	1.022	(65,474,425)	1.097	(29,286,150)
Lapsed	1.263	(35,424,700)	1.259	(23,043,100)
Closing balance	1.303	355,306,775	1.333	316,256,550

Note:

The fair value of awarded shares charged to the interim condensed consolidated statement of profit or loss is RMB61,515,000 during the six months ended September 30, 2020 (the six months ended September 30, 2019: RMB38,076,000).

16 BORROWINGS

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
Current	12,500	10,000
Non-current	22,500	384,435
	<u>35,000</u>	<u>394,435</u>

As at September 30, 2020 and March 31, 2020, the Group's bank borrowings are denominated in the following currencies:

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
RMB-denominated (Note a)	35,000	40,000
USD-denominated	–	354,435
	<u>35,000</u>	<u>394,435</u>

Movements in borrowings are analysed as follows:

	For the six months ended September 30, 2020		
	Current (Unaudited) RMB'000	Non-current (Unaudited) RMB'000	Total (Unaudited) RMB'000
Opening amount as at April 1	10,000	384,435	394,435
Reclassification from non-current to current borrowings	7,500	(7,500)	–
Repayments of bank borrowings	(5,000)	(353,550)	(358,550)
Effect of changes in exchange rate	–	(885)	(885)
	<u>12,500</u>	<u>22,500</u>	<u>35,000</u>
Closing amount as at September 30	12,500	22,500	35,000

Notes:

- (a) As at September 30, 2020, the RMB-denominated borrowings were secured by fixed assets amounting to approximately RMB28,927,000 (31 March, 2020: nil).
- (b) The fair values of current and non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant.

17 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES

	As at September 30, 2020 (Unaudited)			As at March 31, 2020 (Audited)		
	Current	Non-current	Total	Current	Non-current	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (Note)						
– Related parties (Note 19(b))	42,430	–	42,430	29,614	–	29,614
– Third parties	188,364	–	188,364	168,868	–	168,868
	<u>230,794</u>	<u>–</u>	<u>230,794</u>	<u>198,482</u>	<u>–</u>	<u>198,482</u>
Other payables and accrued charges						
Amounts due to related parties (Note 19(b))	110,336	–	110,336	119,921	–	119,921
Payables in relation to distribution of films	281,175	–	281,175	317,572	–	317,572
Payroll and welfare payable	91,160	–	91,160	114,012	–	114,012
Other tax payable	48,664	–	48,664	34,785	–	34,785
Amounts received on behalf of cinemas	48,267	–	48,267	11,119	–	11,119
Accrued marketing expense	46,311	–	46,311	89,526	–	89,526
Deposits from customers	14,274	–	14,274	14,176	–	14,176
Professional fees payable	13,144	–	13,144	26,139	–	26,139
Amounts received on behalf of cinema ticketing system providers	11,741	–	11,741	2,996	–	2,996
Consideration payable for acquisition of a subsidiary	3,000	3,000	6,000	7,000	3,000	10,000
Interest payable	1,500	–	1,500	3,568	–	3,568
Others	25,575	–	25,575	24,473	–	24,473
	<u>695,147</u>	<u>3,000</u>	<u>698,147</u>	<u>765,287</u>	<u>3,000</u>	<u>768,287</u>
Total trade and other payables, and accrued charges	<u>925,941</u>	<u>3,000</u>	<u>928,941</u>	<u>963,769</u>	<u>3,000</u>	<u>966,769</u>

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

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

Notes:

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

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
0 – 90 days	114,632	103,407
91 – 180 days	39,139	60,835
181 – 365 days	60,637	17,258
Over 365 days	16,386	16,982
	230,794	198,482

18 DIVIDENDS

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended September 30, 2020 (the six months ended September 30, 2019: nil).

19 RELATED PARTY TRANSACTIONS

As at September 30, 2020, the Company was 50.27% owned by Ali CV. The remaining 49.73% of the Company's shares were widely held. The ultimate parent of the Company is AGH, a company whose shares are listed on New York Stock Exchange and Hong Kong Stock Exchange and incorporated in the Cayman Islands.

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

(a) Transactions with related parties

	For the six months ended September 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Sales of film and TV copyrights to AGH's subsidiaries	333,140	88,212
Provision of services to AGH's subsidiaries	71,401	66,807
Purchase of services from AGH's subsidiaries	43,024	38,063
Purchase of services from related companies of AGH	6,842	35,246
Provision of services to an associate of AGH	–	2,486

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

19 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances due from related parties

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
Trade receivables		
Amounts due from AGH's subsidiaries	521,009	263,904
Amounts due from associates	207,937	272,248
Amounts due from related companies of AGH	1,744	6,955
Other receivables		
Amounts due from associates and joint venture	60,591	40,591
Amounts due from AGH's subsidiaries	1,660	3,592
Amounts due from related companies of AGH	734	78
Prepayments		
Prepayment to related companies of AGH	979	475

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, 2020, the Group has placed deposits amounted to RMB154,206,000 (March 31, 2020: RMB276,513,000) in the Group's settlement accounts maintained with Alipay.com Co., Ltd (a related company of AGH), which had been recorded as 'cash and cash equivalents' in the consolidated balance sheet and were the settlement accounts derived from the transactions between the Group and third parties.

19 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances due to related parties

	As at September 30, 2020 (Unaudited) RMB'000	As at March 31, 2020 (Audited) RMB'000
Trade payables		
Amounts due to AGH's subsidiaries	12,879	17,490
Amounts due to a related company of AGH	25,562	12,124
Amounts due to associates	3,989	–
Other payables		
Amounts due to associates	15,399	17,415
Amounts due to AGH's subsidiaries	94,819	102,388
Amounts due to related companies of AGH	118	118

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,	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Salaries, allowances and other benefits	4,963	13,873
Share-based payments	7,371	4,347
	12,334	18,220

INTERIM DIVIDEND

The board of directors (the “Board”) of Alibaba Pictures Group Limited (the “Company”) has resolved not to declare an interim dividend for the six months ended September 30, 2020 (For the six months ended September 30, 2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the first half of the 2020/21 financial year, development of the COVID-19 epidemic and the ever-changing macro environment have brought various challenges to the overall operations of the Group. With the normalization of epidemic prevention and control measures in the PRC, local cinemas have been resuming operations gradually since July 2020, the restriction on cinema attendance has been easing, while schedules for the release of some high quality new films have been fixed successively. Nationwide box office revenue during the 2020 National Day holiday ranked the second highest in history for the corresponding period in the PRC, reflecting the overall recovery of the film industry. During the six months ended September 30, 2020 (the “Reporting Period”), with the impact of the COVID-19 epidemic on the Group’s core internet-based promotion and distribution business, the Group recorded total revenue of approximately RMB927 million, compared with revenue of approximately RMB1,501 million for the six months ended September 30, 2019 (the “Previous Period”), representing a decrease of approximately 38% year-over-year. Benefitting from the continual improvement of its diversified business structure and an ample content reserve and the fact that consumers and partners have been increasingly adopting digital entertainment and applying digital tools for management and operations amid the COVID-19 epidemic, the Group has reduced management costs through integration with the Alibaba Digital Economy. As a result, operating loss of the Group narrowed from approximately RMB336 million in the Previous Period to approximately RMB196 million for the Reporting Period, representing a reduction of approximately 42% year-over-year.

To supplement the Group’s consolidated statement of profit or loss presented in accordance with HKFRSs, the Group has also presented its adjusted losses before interest, taxes and amortization (adjusted EBITA), which is not required under HKFRSs, as an additional financial indicator. The Group is of the view that presenting the adjusted EBITA together with the relevant HKFRSs indicators will help investors exclude the potential impact of items which are considered as not being indicative of the operational performance of the Group. The Group believes that the adjusted EBITA provides investors and other individuals with helpful information, however, the adjusted EBITA indicator presented by the management of the Company may not be comparable with similar indicators presented by other companies. In addition, the definition of such financial indicator may vary from those applied by other companies for similar indicators. The Company’s adjusted EBITA recorded a loss of approximately RMB130 million during the Reporting Period, narrowed by approximately 53% as compared with a loss of approximately RMB276 million for the Previous Period.

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

	For the six months ended September 30, 2020 RMB'000 (Unaudited)	For the six months ended September 30, 2019 RMB'000 (Unaudited)
Operating loss	(196,227)	(335,856)
Add:		
Share-based compensation	76,624	46,642
Allowance for impairment of goodwill arising on business combinations	–	20,533
Amortization of intangible assets arising on business combinations	7,418	11,845
Other losses, net	7,607	25,901
Less:		
Other income	(25,128)	(44,780)
The adjusted EBITA	(129,706)	(275,715)

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

	For the six months ended September 30,			
	Segment revenue		Segment results	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Internet-based promotion and distribution	381,384	1,180,166	129,462	250,698
Content production	382,063	204,604	66,265	(75,026)
Integrated development	163,222	116,532	89,349	72,254
Total	926,669	1,501,302	285,076	247,926

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

Impact of the COVID-19 epidemic

In the first half of 2020, the global COVID-19 epidemic imposed negative and persistent impact on the film and television industry, resulting in closure of cinemas, suspension of production of films and TV dramas, and a plunge in consumption needs for offline film content. Although local cinemas began to resume operation since July 2020 by showing re-screened films, cinema attendance and sales of products were required to strictly comply with the regulations under the local requirements of epidemic prevention and control. With the easing of the epidemic in the PRC, relaxation of restrictions on attendance and the gradual recovery of consumers' offline viewing habits, several films co-invested and distributed by the Group have been making debuts on cinema screens successively since late August this year. However, the progress of recovery of the film market, supply of new films and changing situation of the epidemic have together had substantial impact on the internet-based promotion and distribution business of the Group.

In terms of revenue, film attendances have rebounded with the re-opening of local cinemas from July 2020, but have still fallen short of the level in the corresponding period of last year, resulting in a sharp drop in services revenue of ticketing and system providers. Meanwhile, as affected by the extent of recovery of the film market, fewer films were produced and distributed and less box office revenue was recorded by the Group as compared with the Previous Period, resulting in a significant adverse impact on the services revenue of content promotion and distribution and co-invested operation during the Reporting Period.

INTERNET-BASED PROMOTION AND DISTRIBUTION

In terms of revenue, internet-based promotion and distribution is currently one of the Group's important segments. It mainly consists of internet-based ticketing operation and internet-based promotion and distribution. While internet-based ticketing operation comprises Tao Piao Piao and Yunzhi, internet-based promotion and distribution comprises Beacon, film promotion and distribution, and film content investment.

Not only is Tao Piao Piao, the Group's key platform, through which it provides ticketing services to cinemas, it is also a cinema ticketing and review platform for consumers at large. As a foothold for the Group's endeavors in digital promotion and distribution, Tao Piao Piao fully utilizes its advantages in platform-based resources. Through film promotion centered on quality content, Tao Piao Piao enables films to reach wider potential audiences and has become a preferred partner for promotion and distribution among domestic and international film producers.

Tao Piao Piao upgraded its original products during the Reporting Period. By leveraging on its technological capabilities and through content carriers such as short-form videos, the upgraded Tao Piao Piao has realized omni-scene content operation based on movies and shows. In addition to providing users with broader basis for viewing decision through “Montage/Sidelights/Expert commentaries”, it also drove growth in the number of users and enhanced user engagement. The marketing expenditures per user decreased significantly during the Reporting Period due to our new optimized user policies. With the recovery of the movie and show business, local entertainment and consumer services carried by the Tao Piao Piao platform have also been actively integrated into Alibaba’s digital platform for consumer services. As an important carrier of the offline entertainment business under the local consumer services strategy, in addition to inviting local cinemas to join the “Double 11 City Life Carnival” (雙 11 城市生活狂歡節), Tao Piao Piao also optimized the decision-making process of ticket purchase and the mode of information dissemination with its technological capabilities, and upgraded its service from “consumers seeking service” to “targeting service at specific consumers”. These efforts, coupled with its refined operation strategies such as coupons and other user incentive measures, helped stimulate the potential of domestic demand and boost the film market.

As the Group’s one-stop promotion and distribution platform, Beacon, since its launch in April 2018, has been focusing on customer values including omni-process digitalization for promotion and distribution, effective placement at low cost and quantifiable target effect, while exploring industry rules and improving the efficiency in film promotion and distribution. Beacon Professional performs as a real-time billboard for data of the pan-entertainment industry, covering productions such as films, drama series and variety shows. As one of the industry leaders offering a complete range of infrastructure for the cultural and entertainment categories, it focuses on data inquiry function (updated every second) and customized data analysis service.

During the epidemic, Beacon cooperated with Youku platform to upgrade its original products and became a comprehensive decision-making platform covering cinemas, online movies, drama series and variety shows. Beacon Professional launched “Webcast/Viewing”, a module providing daily update on analysis data and rankings for online movies, drama series and variety shows, filling the gaps in data service tools for online contents. While further upgrading the infrastructure and tools for the digital entertainment industry, it also takes into account the market performance of online contents, identifies user needs in collaboration with the platform, guides the direction for transformation of internet-based promotion and distribution, and promotes refined operation of industry data. During the Reporting Period, Beacon served 53 promotion and distribution projects of online movies and drama series including, among others, *The Enchanting Phantom* (倩女幽魂：人間情) and *Ash* (灰燼重生), a year-on-year growth of 76.7%. Following the re-opening of cinemas, Beacon launched a digital workbench for promotion and distribution which provides multi-dimensional data such as “Pre-sale/Interested/Internet popularity”, releases pre-sale trend charts and precisely identifies target audiences, thus providing real-time guidance for users to adjust the direction of promotion and distribution, aiming to achieve the effect of the promotional campaign. During the Reporting Period, Beacon has provided promotion and distribution services (including real-time user feedback and accurate placement of promotion and distribution materials) for 73 films, including *Leap* (奪冠). By leveraging on the advantages of the Alibaba ecosystem, it is also exploring innovative film marketing models, improving the efficiency in film promotion and distribution and expanding channels for promotion and distribution, enabling producers to save promotion and distribution cost. Having served 88.1% of the films screened at domestic cinemas, Beacon has provided service to more than 400 resident producers and for over 400 films. The box office revenue of films under partnership exceeded RMB60 billion. Reaching over 800 million users on a daily basis, it covers more than 1 million advertising channels and provides access to over 810,000 new media accounts.

Being affected by the epidemic, the number of, and box office revenue from, films invested and distributed by the Group have both recorded a significant drop as compared with the Previous Period. However, adhering to our value of ordinary people performing heroic deeds that come with major emotional appeal while promoting positive values, the Group remains focused on building its content reserve. Relying on its insight into the classification of audiences for film and TV productions and their preferences, the Group actively seeks and participates in the production of and investment in high quality domestic and foreign films. *The Eight Hundred* (八百), of which the Group was a co-investor and distributor, was the first domestic blockbuster released at cinemas after their re-opening. Utilizing the intelligent promotion and distribution capabilities of Tao Piao Piao and Beacon as well as an extensive offline local network, specific efforts were made to attract more audiences to watch the film at cinemas after the epidemic. Such efforts included developing products such as test screening and user analysis, and organizing large-scale offline publicity campaigns. As at September 30, 2020, the film had recorded a cumulative box office revenue of over RMB3 billion, making it one of the top ten movies by box office revenue in the history of the domestic film market. As the winner of three Oscars, *1917*, a foreign film of which the Group participated in the promotion and distribution, hit cinema screens at the early stage of the recovery from the epidemic, demonstrating our effort in introducing outstanding films to more domestic audiences. Since the re-opening of cinemas in the PRC in July 2020, as at September 30, 2020, a total box office revenue of over RMB6 billion had been recorded in the PRC, of which, the box office revenue of films which the Group was one of the producers and distributors amounted to RMB4.3 billion, accounting for over 70% of the total box office revenue in the PRC during the Reporting Period, and representing a substantial contribution to the overall recovery of domestic film market. Among films co-invested and distributed by the Group, films of *My People, My Homeland* (我和我的家鄉) and *Leap* (奪冠) had secured two seats among the top three in terms of box office revenue during the National Day holiday, and in aggregate contributed more than 50% of the total box office revenue during the National Day holiday.

The Jin Cheng Co-production Project (錦橙合製計劃) under the Group's film business has also progressed as scheduled. As the first film recording pre-sale revenue of over RMB10 million after resumption of operation of the film market, the low-budget romance film *Love You Forever* (我在時間盡頭等你) achieved a single-day box office revenue of RMB280 million on Chinese Valentine's Day, a record high in the history of the domestic film market. With a cumulative box office revenue of RMB505 million, it emerged as a dark horse and became the box office revenue champion, demonstrating the strong content promotion and distribution capabilities of the Group. Meanwhile, *Coffee or Tea?* (一點就到家), another film under the Jin Cheng Co-production Project, was released during the National Day holiday, receiving considerable acclaims; *Assassin in Red* (刺殺小說家), another fantasy & suspense film under the project, has completed shooting and is scheduled to be released during the Spring Festival next year.

During the Reporting Period, the Group's internet-based promotion and distribution business segment recorded revenue of RMB381 million, a decrease of 68% as compared with RMB1,180 million for the corresponding period of last year. During the Reporting Period, as a result of the impact and restrictions on the entire film industry due to the changing situations of the pandemic at home and abroad, the proportion of revenue contribution by the internet-based promotion and distribution segment has narrowed significantly to 41%, representing a drop of approximately 38% from the corresponding period of last year. The segment recorded financial results of RMB130 million, a year-on-year decrease of 48%.

For comparison purposes, major indicators of financial results of the internet-based promotion and distribution business for the Reporting Period and the Previous Period are summarized in the table below:

	Segment revenue For the six months ended September 30,		Segment margin For the six months ended September 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Ticketing services	90,655	513,607	70,637	433,642
System provider services for Yunzhi	39,660	168,149	38,754	166,441
Content promotion and distribution services and co-invested operation	243,749	459,284	89,629	265,297
Others	7,320	39,126	6,073	34,433
Total	381,384	1,180,166	205,093	899,813

During the Reporting Period, due to the impact of the epidemic, total box office revenue in the PRC dropped significantly by 79% as compared with the Previous Period, as re-screened films with lower settlement prices dominated the schedules in the early stage of resumption of work and overall film audiences decreased by 81%. During the Reporting Period, the Group's ticketing services recorded revenue of RMB91 million, a decrease of 82% from RMB513 million for the Previous Period. Yunzhi, the Group's open platform for digital operation and management of cinemas, together with another cinema ticketing system, continued to rank first among peers in terms of the number of ticket-issuing cinemas. During the Reporting Period, system provider services for Yunzhi recorded revenue of RMB40 million, a decrease of 76% compared with RMB168 million for the Previous Period.

Revenue from content promotion and distribution services and co-invested operation covers operations related to film promotion and distribution, content investment and Beacon. Affected by the epidemic, during the Reporting Period, as a result of the lower number of and box office revenue from films and TV productions produced and distributed by the Group as compared with the Previous Period, its revenue had decreased 47% to RMB244 million, as compared with RMB459 million in the Previous Period. Other operations, including advertising and other commercial services, recorded a decrease of 82% in revenue of RMB7.32 million during the Reporting Period as compared with RMB39 million for the Previous Period.

CONTENT PRODUCTION

Following the comprehensive upgrade of its drama series production business in the previous financial year, the Group has continued to develop its prime productions in the current financial year. On the one hand, based on its insight into market and user needs from multiple dimensions, it reserved and developed a number of high-quality IPs in line with user needs and market trends; on the other hand, taking advantage of the overall content deployment and linkage to resources of Alibaba Group, it has made breakthroughs in terms of theme types, development capabilities as well as content production, and provided users with influential cultural content on an ongoing basis through connection with upstream and downstream partners in the industry chain. *Professional Single* (我憑本事單身), which was produced by the Group, became a hot search on new media soon after its release, ranking first in terms of popularity among online drama series for 3 consecutive days and staying among the Top 5 on Youku for 10 consecutive days, with daily average plays of over 100 million for the topic. Moreover, several other drama series have entered the stage of shooting or preparation and shooting is expected to commence in the second half of the year.

In terms of financial results, the Group's content production business segment recorded revenue of RMB382 million during the Reporting Period, up 87% as compared with RMB205 million for the corresponding period of last year. The Group turned profitable, recording a profit on segment results of RMB66.27 million during the Reporting Period, compared with a loss of RMB75.03 million during the Previous Period.

INTEGRATED DEVELOPMENT

The revenue of the film industry in China mainly comes from box office, and the revenue from non-box office operations only accounts for a small proportion. There is still huge room for improvement when compared with its North American counterpart, whose non-box office revenue accounts for 70% of the total. In view of this, the non-box office operations in the film and television industry in the PRC remain a blue ocean market. In terms of non-box office operations, it is an industry-wide consensus in the PRC film industry that intellectual property ("IP") merchandising is universally required and is one of the fields with tremendous potential for development that should be explored on an expedited basis. The Group believes that by building infrastructure, innovating business models and enhancing efficiency, it will be able to further its accomplishment through the creation of a pan-entertainment market worth over RMB1 trillion and the expansion of a single revenue stream of box office operations to diversity revenue streams. Therefore, the merchandise business that centers on IPs represents a brand-new racetrack in the construction of infrastructure. The integrated development business consists of Alifish, Yulebao and production software business.

Building on the economic foundation of the large fan base in the PRC, the Group's Alifish has transformed into two key sub-segments, namely IP licensing business and entertainment e-commerce, which connects with and integrates the two major industries of entertainment and e-commerce respectively. During the Reporting Period, operating with a business portfolio of more than 200 IPs, Alifish provided licensing and e-commerce services to approximately 2,000 merchants and 22 million consumers, generating a direct or associated gross merchandise volume ("GMV") of over RMB4,400 million. Despite the substantial impact of the epidemic, the financial performance of Alifish still undergoes rapid growth and Alifish has also strengthened its influence and reputation in the industry.

The IP licensing business segment of Alifish has made satisfactory progress, having accumulated a wide range of IPs. It serves and operates IPs that cover various types, including films and TV dramas, variety shows, animations and games. Meanwhile, benefitting from its synergy with the Alibaba Digital Media & Entertainment Group and linkage with Alibaba e-commerce ecosystem, Alifish successfully translated short-term content IPs into licensed merchandise for sale, empowering a large number of IP parties and merchants. During the Reporting Period, Alifish achieved an average revenue per IP of RMB2.43 million through IP monetization, representing an increase of over 45% year-over-year, which represents a significant improvement in the efficiency of IP monetization. The IPs, including *Pokémon*, *Louvre* (盧浮宮), *Pac-Man* (吃豆人) and *Street Dance of China S3* (這！就是街舞3), received industry-wide recognition in the licensing business and have made a breakthrough from single monetization model and extended gradually from merchandise licensing to other models, such as marketing licensing, offline experience station and collaboration between culture and education. The cooperation between Alifish and *Street Dance of China S3* created more innovative models for the licensing industry in the PRC – integrating the licensing and marketing functions by taking advantages of the ecosystem of the Alibaba Digital Economy, while quickly establishing a platform which can directly reach consumers and continually communicate and interact with them through content matrix in various forms and based on the e-commerce strongholds of Tmall flagship stores, building a complete link of IP-to-business-to-consumer (“IP2B2C”), facilitating brand incubation through in-depth industrialization development and eventually, facilitating the development of PRC licensing industry as a whole with the power of the platform.

In respect of the entertainment e-commerce sub-segment, the integration of IPs and marketing activities has driven strong growth in users and GMV. During the Reporting Period, in collaboration with multiple channels, including Tmall and Douyin, the art toys category under Alifish organized various online and offline events for art toys enthusiasts, attracted consumers through product launches and innovative marketing campaigns. The operating strategy was widely accredited among resident merchants and the younger consumer base. Nearly 80 new merchants were signed up under the Tmall art toys category operated by Alifish, while GMV rose by approximately 33% year-over-year. Alifish now serves multiple art toys merchants, such as Pop Mart, Bandai and miHoYo.

In addition, Alifish’s IP2B2C crowdfunding platform “izhongchou” is actively exploring the Customer-to-Manufacturer model (C2M), aiming at quick monetization of hot IPs and developing new channels for merchants to market new products. During the Reporting Period, the crowdfunding platform completed over 1,600 projects, of which 33 were RMB1 million-level, representing a year-on-year increase of 10%. Alifish’s crowdfunding platform opens channels for developing new products based on IP licensing and facilitates the development of the licensing industry in the PRC as a whole.

To address the pain point of the lack of an insurance service system for the cultural and entertainment industry, Yulebao, which forms part of the Group's integrated development business, launched an industry-specific "comprehensive protection plan", which aims to support the innovation and development of insurance service system for the cultural and entertainment industry. Moreover, Yunshang, a production management system designed for film and TV production, has been offered to nearly 200 film crews from various producers, covering various film and television production projects such as drama series, cinema movies and online movies.

During the Reporting Period, the integrated development business maintained rapid growth in revenue and operating profit, recording a 40% increase in revenue to RMB163 million, while its operating profit grew by 24% year-over-year to RMB89.35 million.

PROSPECTS

As a film and television company featuring contents and technologies, the Group intends to spread the influence of films to more people and meet the expectation of audience with the use of technologies. The Group intends to establish stronger linkages with other product matrices within the Alibaba Digital Economy, upgrade the entertainment ecosystem of digital content, explore high-quality content and establish close connection with business partners by leveraging on its infrastructure construction capabilities, while promoting technology innovation to seek new opportunities of revenue generation, thereby offering more quality products and contents for the market and creating real value for partners.

Going forward, the Group will continue:

1. to improve its capability to produce film and drama series, with a view to becoming a steady source of high quality content for the market;
2. to increase our investments in Alifish and innovations, maintain the rapid growth of Alifish, and establish a new media matrix designed for content promotion and distribution, with a view to improving the capacity of digital promotion and distribution of the industry;
3. to save cost and explore new sources of income and continue to improve our operating efficiency.

The Group expects to fund its business initiatives in the financial year ending March 31, 2021 with its own internal financial resources, but may seek external financing if appropriate opportunities and conditions arise.

FINANCIAL REVIEW

Revenue and Profit for the Period

During the Reporting Period, the Group recorded revenue of RMB927 million, representing a decrease of 38% year-over-year. The adjusted EBITA reduced by RMB146 million to RMB130 million from a loss of RMB276 million in the Previous Period, representing a decrease of 53%. Comparing the two periods, despite a significant drop in operating revenue due to the impact of the epidemic, benefitting from the diversified business structure, coordinated management approach within the Alibaba Digital Economy and reduction in investment losses, net loss attributable to owners of the Company reduced from RMB390 million in the Previous Period to RMB162 million for the Reporting Period, representing a decrease of RMB228 million year-over-year.

For the six months ended September 30, 2020, loss per share (basic and diluted) for the Group narrowed from RMB1.48 cents per share for the corresponding period of last year to RMB0.61 cents.

Selling, Marketing and Administrative Expenses

During the Reporting Period, selling and marketing expenses amounted to RMB69 million, representing a year-over-year decrease of 90% when compared with approximately RMB658 million in the Previous Period. The proportion of selling and marketing expenses in revenue decreased from 44% to 7%, primarily attributable to lowered customer acquisition costs driven by higher overall operating efficiency and the incomplete recovery of the film market amid the epidemic.

Administrative expenses in the Reporting Period reduced to RMB415 million from RMB475 million in the Previous Period, mainly due to the absence of provision for impairment of goodwill and reduction in other operating expenses during the current period.

Finance Income

During the Reporting Period, the Group recorded net finance income of RMB40 million, which included exchange gains of RMB6.60 million.

Material Investments

As at September 30, 2020, the Group held 14 investments in associates, all of which were accounted for using the equity method, and combined for a total book value of approximately RMB2,177 million. The Group held 13 investments in unlisted companies, all of which were accounted for as financial assets at fair value through profit or loss, and combined for a total book value of approximately RMB924 million. The top three investments were Bona Film Group Limited (“Bona Film”), HeHe (Shanghai) Pictures Corporation Limited and Storyteller Holding Co., LLC, all of which are engaged in film production or distribution business. During the Reporting Period, the Group recorded a total loss and impairment of RMB8.61 million in its investments in associates. The Group adopted a conservative strategy in managing its investment portfolio during the Reporting Period.

The Group’s significant investment was an investment in associate in relation to Bona Film, which represented approximately 7.72% of the interest in Bona Film. Bona Film is primarily engaged in film production and distribution. As at September 30, 2020, the carrying amount of the Group’s long-term equity investment in Bona Film was approximately RMB997 million, representing 6.5% of the Group’s total assets. During the Reporting Period, the Group did not receive any dividend, nor did the Group incur any significant loss, from its investment in Bona Film, and the management of the Company does not expect any significant adverse change to such investment for the financial year ending March 31, 2021.

Financial Resources and Liquidity

As at September 30, 2020, the Group had cash and cash equivalents and bank deposits of approximately RMB3,452 million in multiple currencies. The Group held financial assets at fair value through profit or loss of approximately RMB171 million, which mainly consisted of investments in wealth management products issued by major banks in the PRC with expected return ranging from 1.54% to 2.28% per annum and redeemable within one year. The Group recognized an investment income of approximately RMB3.80 million from financial assets at fair value through profit or loss in the Reporting Period. The investments in wealth management products under financial assets at fair value through profit or loss were made in line with the Group’s treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. As at September 30, 2020, the Group had long-term borrowings of RMB22.50 million and short-term borrowings of RMB12.50 million, which bore interest at 6.555% per annum, under a five-year RMB-denominated bank facility with credit limit at RMB48 million. As at September 30, 2020, the Group was in a net cash position and its gearing ratio (being net borrowings over total equity) was nil (March 31, 2020: nil). The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and sound capital position. The Group continually makes adjustments, when necessary, to maintain an optimal capital structure and to reduce the cost of capital.

Foreign Exchange Risks

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

Charge on Assets

As at September 30, 2020, the Group had pledged borrowings of RMB35 million, which was secured by fixed assets of approximately RMB29 million (March 31, 2020: nil).

Contingent Liabilities

As at September 30, 2020, the Group did not have any material contingent liabilities (March 31, 2020: nil).

Employees and Remuneration Policies

As at September 30, 2020, the Group, including its subsidiaries but excluding its associates, had 1,025 (March 31, 2020: 1,134) employees. The total employee benefit expenses of the Group were RMB311 million in the Reporting Period. The remuneration policies of the Group are determined based on prevailing market levels and performance of the respective group companies and individual employees. These policies are reviewed on a regular basis. In addition to salary, the Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, share options to be granted under the Company's share option scheme, awarded shares to be granted under the Company's share award scheme (the "Share Award Scheme"), contributory provident fund, social security fund, medical benefits and training.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at September 30, 2020, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the “SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Long/Short Position	Nature of Interest	Number of Ordinary Shares held	Derivatives		Aggregate Interests	Approximate Percentage of Aggregate Interests to Total Issued Share Capital of the Company (Note 1)
				Share Options	Awarded Shares		
Fan Luyuan	Long position	Beneficial Owner	–	3,675,000	1,470,000	5,145,000	0.02%
Li Jie	Long position	Beneficial Owner	813,586	25,000,000	9,400,000	35,213,586	0.13%
Meng Jun	Long position	Beneficial Owner	–	780,000	330,000	1,110,000	0.00%

Note:

- Based on a total of 26,832,126,210 ordinary shares of the Company in issue as at September 30, 2020.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (Continued)

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

Name of Director	Long/Short Position	Nature of Interest	American Depository Shares (“ADS(s)”) (in the Number of Ordinary Shares of AGH) (Note 2)	Derivatives		Aggregate Interests	Approximate Percentage of Aggregate Interests to Total Issued Share Capital of AGH (Note 1)
				Restricted Share Units (“RSU(s)”) (in the Number of Ordinary Shares of AGH) (Note 3)	Other (in the Number of Ordinary Shares of AGH) (Note 4)		
Fan Luyuan	Long Position	Beneficial owner	23,200 (Note 5)	193,336 (Note 6)	–	6,402,056	0.03%
		Founder of a discretionary trust	666,664 (Note 7)	–	3,272,448 (Note 8)		
		Other	2,246,408 (Note 9)	–	–		
Li Jie	Long Position	Beneficial owner	339,600 (Note 10)	308,400 (Note 11)	–	648,000	0.00%
Meng Jun	Long Position	Beneficial owner	38,848 (Note 12)	63,600 (Note 13)	–	119,432	0.00%
		Interest of spouse	16,984 (Note 14)	–	–		
Xu Hong	Long Position	Beneficial owner	148,112 (Note 15)	343,000 (Note 16)	–	491,112	0.00%
Tong Xiaomeng	Long Position	Beneficial owner	941,176 (Note 17)	–	–	941,176	0.00%
Johnny Chen	Long Position	Beneficial owner	800 (Note 18)	–	–	800	0.00%

Notes:

- Based on a total of 21,645,092,800 ordinary shares of AGH in issue as at September 30, 2020.
- It represents the underlying share interest of ADSs of AGH held by the directors of the Company. Each ADS of AGH represents 8 ordinary shares of AGH with effect from July 30, 2019.
- It represents the underlying share interest of RSUs of AGH held by the directors of the Company. Each RSU represents the right to receive an ADS (i.e. 8 ordinary shares) of AGH upon its vesting.
- It represents the underlying share interest of exchangeable ordinary shares (“EOS(s)”) of PCIP I Limited (“PCIP I”), a consolidated entity of AGH, which are exchangeable into ordinary shares of AGH based on a 1:8 exchange ratio in accordance with the Articles of Association of PCIP I.
- It represents the underlying share interest of 2,900 ADSs of AGH held by Mr. Fan Luyuan.
- It represents the underlying share interest of 24,167 RSUs of AGH held by Mr. Fan Luyuan.
- It represents the underlying share interest of 83,333 ADSs of AGH held by a discretionary trust of which Mr. Fan Luyuan is a founder who can influence how the trustee exercises his discretion.
- It represents the underlying share interest of 409,056 EOSs of PCIP I held by a discretionary trust of which Mr. Fan Luyuan is a founder who can influence how the trustee exercises his discretion.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE (Continued)

Notes: (Continued)

9. It represents the underlying share interest of 280,801 ADSs of AGH held by a trust, the beneficiaries of which include Mr. Fan Luyuan's children under the age of 18.
10. It represents the underlying share interest of 42,450 ADSs of AGH held by Mr. Li Jie.
11. It represents the underlying share interest of 38,550 RSUs of AGH held by Mr. Li Jie.
12. It represents the underlying share interest of 4,856 ADSs of AGH held by Mr. Meng Jun.
13. It represents the underlying share interest of 7,950 RSUs of AGH held by Mr. Meng Jun.
14. It represents the underlying share interest of 2,123 ADSs of AGH held by the spouse of Mr. Meng Jun.
15. It represents the underlying share interest of 18,514 ADSs of AGH held by Mr. Xu Hong.
16. It represents the underlying share interest of 42,875 RSUs of AGH held by Mr. Xu Hong.
17. It represents the underlying share interest of 117,647 ADSs of AGH held by Mr. Tong Xiaomeng.
18. It represents the underlying share interest of 100 ADSs of AGH held by Mr. Johnny Chen.

Interests in the shares and underlying shares of PCIP I, an associated corporation of the Company within the meaning of Part XV of the SFO

Name of Director	Long/Short Position	Nature of Interest	Number of EOSs of PCIP I held	Aggregate Interests	Approximate Percentage of Aggregate Interests to Total Issued EOSs of PCIP I (Note 1)
Fan Luyuan	Long Position	Founder of a discretionary trust	409,056 (Note 2)	409,056	3.67%

Notes:

1. Based on a total of 11,141,372 EOSs of PCIP I in issue as at September 30, 2020.
2. It represents 409,056 EOSs held by a discretionary trust of which Mr. Fan Luyuan is a founder who can influence how the trustee exercises his discretion.

Save as disclosed above, as at September 30, 2020, none of the directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE INCENTIVE SCHEMES

2012 Share Option Scheme

The shareholders of the Company approved the adoption of the share option scheme on June 11, 2012 (the “2012 Share Option Scheme”).

Movements of the Share Options granted by the Company pursuant to the 2012 Share Option Scheme during the six months ended September 30, 2020 were as follows:

Category	Date of grant	Exercise price per share (HK\$)	Closing price of shares immediately before the date on which the Share Options were granted (HK\$)	Weighted average closing price of shares immediately before the date on which the Share Options were exercised (HK\$)	Outstanding as at April 1, 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at September 30, 2020	Vesting period (Notes)
Directors											
Fan Luyuan	05/06/2020	1.070	1.050	–	–	3,675,000	–	–	–	3,675,000	1(iv)
Li Jie	21/05/2018	0.912	0.910	–	5,000,000	–	–	–	–	5,000,000	1(ii)
	31/05/2019	1.630	1.600	–	6,000,000	–	–	–	–	6,000,000	1(ii)
	05/06/2020	1.070	1.050	–	–	14,000,000	–	–	–	14,000,000	1(ii)
Meng Jun	05/06/2020	1.070	1.050	–	–	780,000	–	–	–	780,000	1(ii)
Employees											
	28/01/2015	1.670	1.650	–	2,100,000	–	–	–	–	2,100,000	1(i)
	13/04/2016	1.880	1.890	–	5,925,000	–	–	–	–	5,925,000	1(ii)
	03/06/2016	1.860	1.860	–	7,680,000	–	–	1,500,000	–	6,180,000	1(ii)
	05/12/2016	1.494	1.470	–	1,050,000	–	–	–	–	1,050,000	1(ii)
	05/12/2016	1.494	1.470	–	1,800,000	–	–	1,200,000	–	600,000	1(i)
	24/10/2017	1.276	1.270	–	7,700,000	–	–	1,500,000	–	6,200,000	1(ii)
	18/01/2018	1.060	1.070	1.120	6,200,000	–	2,500,000	2,500,000	–	1,200,000	1(i)
	21/05/2018	0.912	0.910	1.120	10,700,000	–	10,000	–	–	10,690,000	1(i)
	21/05/2018	0.912	0.910	1.126	50,600,000	–	6,400,000	6,400,000	–	37,800,000	1(ii)
	26/09/2018	1.020	1.010	1.104	16,800,000	–	1,201,000	4,100,000	–	11,499,000	1(i)
	26/09/2018	1.020	1.010	–	15,600,000	–	–	–	–	15,600,000	1(ii)
	31/05/2019	1.630	1.600	–	11,100,000	–	–	2,600,000	–	8,500,000	1(i)
	31/05/2019	1.630	1.600	–	44,842,500	–	–	5,000,000	–	39,842,500	1(ii)
	31/05/2019	1.630	1.600	–	3,600,000	–	–	–	–	3,600,000	1(iii)
	23/09/2019	1.340	1.320	–	1,400,000	–	–	–	–	1,400,000	1(i)
	23/09/2019	1.340	1.320	–	19,800,000	–	–	1,200,000	–	18,600,000	1(ii)
	15/01/2020	1.460	1.470	–	13,300,000	–	–	1,500,000	–	11,800,000	1(i)
	05/06/2020	1.070	1.050	–	–	45,592,400	–	2,722,800	–	42,869,600	1(ii)
	05/06/2020	1.070	1.050	–	–	1,500,000	–	–	–	1,500,000	1(i)
	11/09/2020	1.144	1.100	–	–	24,700,000	–	–	–	24,700,000	1(ii)
	11/09/2020	1.144	1.100	–	–	2,200,000	–	–	–	2,200,000	1(i)
Total:					231,197,500	92,447,400	10,111,000	30,222,800	–	283,311,100	

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

Notes:

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

(i) Category A

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

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

(ii) Category B

Vesting Date	Percentage that can be exercised
First vesting date (being first anniversary of promotion effective date or performance incentive effective date)	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

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

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

(iv) Category D

Vesting Date	Percentage that can be exercised
First vesting date (being first anniversary of April 1, 2020)	Up to 1/6 of the Share Options granted
First anniversary of first vesting date	Up to 2/6 of the Share Options granted
Second anniversary of first vesting date	Up to 3/6 of the Share Options granted
Third anniversary of first vesting date	Up to 4/6 of the Share Options granted
Fourth anniversary of first vesting date	Up to 5/6 of the Share Options granted
Fifth anniversary of first vesting date	Up to 100% of the Share Options granted

The vesting period of the Share Options under Category D commences on April 1, 2020, and the first vesting date falls on the first anniversary of the date of commencement of the vesting period.

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

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme

The Board approved the adoption of the share award scheme of the Company ("Share Award Scheme") on December 30, 2016 ("Adoption Date").

During the six months ended September 30, 2020, the movements of Awarded Shares granted under the Share Award Scheme were as follows:

Date of Grant	Total number of Awarded Shares granted on the date of grant	Closing price of shares immediately before the date on which the Awarded Shares were granted (HK\$)	Number of Awarded Shares outstanding as at April 1, 2020	Number of Awarded Shares granted during the period	Number of Awarded Shares vested during the period	Number of Awarded Shares lapsed during the period	Number of Awarded Shares outstanding as at September 30, 2020
28/07/2017	183,060,000 (Notes 1 & 11)	1.310	9,488,000	-	7,323,000	265,000	1,900,000
27/10/2017	79,449,000 (Notes 2 & 11)	1.250	11,799,000	-	2,472,000	761,000	8,566,000
18/01/2018	18,320,000 (Notes 3 & 11)	1.070	6,520,000	-	960,000	1,240,000	4,320,000
21/05/2018	94,378,600 (Notes 4 & 11)	0.910	46,769,700	-	13,369,900	3,719,500	29,680,300
26/09/2018	50,120,000 (Notes 5 & 11)	1.010	35,360,000	-	10,240,000	5,340,000	19,780,000
31/05/2019	145,872,700 (Notes 6 & 11)	1.600	132,958,100	-	31,109,525	9,849,200	91,999,375
23/09/2019	35,870,000 (Notes 7 & 11)	1.320	35,420,000	-	-	5,270,000	30,150,000
15/01/2020	12,850,000 (Notes 8 & 11)	1.470	12,850,000	-	-	1,300,000	11,550,000
05/06/2020	127,281,100 (Notes 9 & 11)	1.050	-	127,281,100	-	6,840,000	120,441,100
11/09/2020	37,760,000 (Notes 10 & 11)	1.100	-	37,760,000	-	840,000	36,920,000
Total:	784,961,400		291,164,800	165,041,100	65,474,425	35,424,700	355,306,775

SHARE INCENTIVE SCHEMES (Continued)

Share Award Scheme (Continued)

Notes:

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

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Incentive Schemes” above, at no time during the six months ended September 30, 2020 was the Company, any of its holding companies, its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at September 30, 2020, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company

Name	Capacity in which interests are held	Number of shares/underlying shares held	Long position/ Short position	Approximate percentage of issued share capital (Note 2)
Ali CV Investment Holding Limited (“Ali CV”)	Beneficial owner (Note 1)	13,488,058,846	Long position	50.27%
Alibaba Investment Limited (“AIL”)	Interest of controlled corporation (Note 1)	13,488,058,846	Long position	50.27%
AGH	Interest of controlled corporation (Note 1)	13,488,058,846	Long position	50.27%
Bian Ximing/Yang Minghua	Beneficial owner	1,865,160,000	Long position	6.95%

Notes:

- This represents the interest in 13,488,058,846 shares of the Company held by Ali CV as beneficial owner. As of September 30, 2020, Ali CV was wholly owned by AGH, through its controlled corporation, AIL. Accordingly, AGH and AIL were deemed to have the same interest held by Ali CV.
- As of September 30, 2020, the Company had a total of 26,832,126,210 shares in issue.

Save as disclosed above, as at September 30, 2020, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

During the six months ended September 30, 2020, the Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Listing Rules except for certain deviations which are summarized below:

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

Code provision C.1.2 of the CG Code stipulates that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the Company’s performance, financial position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company from time to time, based on business needs and conditions, provides to the Board up-to-date business information and convenes ad hoc meetings for considering material business or management issues, so as to enable the directors and the Board as a whole to discharge their duties.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended September 30, 2020. The Company has also adopted the Model Code to regulate dealings in the securities of the Company by certain officers and employees of the Company or its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

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

As at April 1, 2020, the balance of net proceeds from the Subscription amounted to approximately HK\$1,060,000,000, equivalent to approximately RMB907,000,000. For the six months ended September 30, 2020, RMB120 million was used to fund working capital and RMB80 million was used for equity investments. The use of proceeds from the Subscription was in line with the plan as previously disclosed. As at September 30, 2020, the remaining balance of net proceeds from the Subscription amounted to approximately RMB707 million, which is expected to be fully utilised within 3.5 years and will be used as originally planned for content investment, further expanding of customer base, sales and marketing activities, selective mergers and acquisitions when opportunities arise, and general corporate purposes.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Except that the trustee of the Share Award Scheme purchased a total of 6,000,000 shares of the Company from the market to satisfy the awarded shares granted to connected employees of the Company upon vesting pursuant to the terms and rules of the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the six months ended September 30, 2020.



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

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

- Mr. Chang Yang, the then non-executive director of the Company, has resigned as non-executive director of the Company with effect from June 24, 2020; and
- Mr. Li Jie, the president of the Group, has been appointed as executive director and a member of the executive committee of the Company with effect from June 24, 2020.

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

MATERIAL CHANGES SINCE MARCH 31, 2020

Save for those disclosed in this report, there were no other material changes in the Group's financial position since the publication of the 2019/20 annual report of the Company.

SUBSEQUENT EVENTS

Save as disclosed in this report and as at the date of this report, no material events affecting the Group had occurred subsequent to September 30, 2020.

AUDIT COMMITTEE AND AUDITOR REVIEW

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the six months ended September 30, 2020. The Group's interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated balance sheet, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and the related notes thereto for the six months ended September 30, 2020 as set out in this report have not been audited but have been reviewed by the Company's auditor, PricewaterhouseCoopers.

On behalf of the Board

Alibaba Pictures Group Limited

Fan Luyuan

Chairman & Chief Executive Officer

Hong Kong, November 19, 2020