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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

### FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2023

The board (the “Board”) of directors (the “Directors”) of Alibaba Pictures Group Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the final results of the Group for the year ended March 31, 2023 (the “Reporting Period”) together with the comparative figures for the year ended March 31, 2022 (the “Corresponding Period”).

#### FINANCIAL HIGHLIGHTS

	For the year ended March 31,		Change %
	2023 RMB'000	2022 RMB'000	
Revenue	3,520,357	3,652,170	-4
(Loss)/profit attributable to owners of the Company	(291,132)	169,853	NM
Operating (loss)/profit	(220,972)	279,216	NM
Adjusted EBITA	295,077	143,350	106

NM: Not meaningful

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Note</i>	For the year ended	
		March 31	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	3,520,357	3,652,170
Cost of sales and services	6	<u>(2,390,888)</u>	<u>(2,157,025)</u>
<b>Gross profit</b>		<b>1,129,469</b>	1,495,145
Selling and marketing expenses	6	(348,666)	(564,571)
Administrative expenses	6	(768,440)	(925,474)
Reversal of impairment losses/(impairment losses) on financial assets, net		<b>56</b>	(176,150)
Other income	4	<b>48,989</b>	113,078
Other (losses)/gains, net	5	<u>(282,380)</u>	<u>337,188</u>
<b>Operating (loss)/profit</b>		<b>(220,972)</b>	279,216
Finance income	7	<b>117,114</b>	91,988
Finance expenses	7	<b>(8,403)</b>	(12,703)
Finance income, net		<b>108,711</b>	79,285
Share of loss of investments accounted for using the equity method	10	(39,472)	(10,749)
Impairment of investments accounted for using the equity method	10	<u>(127,589)</u>	<u>(218,850)</u>
<b>(Loss)/profit before income tax</b>		<b>(279,322)</b>	128,902
Income tax credit	8	<u>415</u>	<u>25,413</u>
<b>(Loss)/profit for the year</b>		<b><u>(278,907)</u></b>	<b><u>154,315</u></b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(291,132)</b>	169,853
Non-controlling interests		<b><u>12,225</u></b>	<b><u>(15,538)</u></b>
<b>(Loss)/earnings per share attributable to owners of the Company for the year</b> <i>(expressed in RMB cents per share)</i>	9		
– Basic		<b>(1.09)</b>	0.64
– Diluted		<b><u>(1.09)</u></b>	<b><u>0.64</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>For the year ended</b>	
		<b>March 31</b>	
		<b>2023</b>	2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(Loss)/profit for the year</b>		<b>(278,907)</b>	154,315
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive (loss)/income of an associate	10	<b>(4,958)</b>	1,393
Currency translation differences attributable to owners of the Company		<b>151,657</b>	(79,691)
<i>Items that may not be reclassified to profit or loss</i>			
Currency translation differences attributable to non-controlling interests		<u><b>2,256</b></u>	<u>(8,312)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u><b>148,955</b></u>	<u>(86,610)</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(129,952)</b></u>	<u>67,705</u>
<b>Attributable to:</b>			
– Owners of the Company		<b>(144,433)</b>	91,555
– Non-controlling interests		<u><b>14,481</b></u>	<u>(23,850)</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(129,952)</b></u>	<u>67,705</u>

## CONSOLIDATED BALANCE SHEET

		As of March 31	
		2023	2022
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,517	23,352
Investment property		20,238	21,400
Goodwill		3,551,116	3,551,116
Intangible assets		99,750	113,676
Right-of-use assets		115,509	148,043
Deferred income tax assets		14,003	13,401
Investments accounted for using the equity method	10	1,827,249	1,723,173
Film and TV rights and investments		141,375	204,067
Bank deposits with the maturity over one year		300,880	–
Financial assets at fair value through profit or loss		760,321	1,317,685
Trade and other receivables, and prepayments	11	222,111	598,989
		<u>7,070,069</u>	<u>7,714,902</u>
<b>Current assets</b>			
Inventories		38,744	17,831
Film and TV rights and investments		1,834,661	1,740,729
Trade and other receivables, and prepayments	11	2,706,499	2,546,345
Cash and cash equivalents		3,919,526	3,538,214
Restricted cash		2,139	18,677
		<u>8,501,569</u>	<u>7,861,796</u>
<b>Total assets</b>		<u><u>15,571,638</u></u>	<u><u>15,576,698</u></u>

		<b>As of March 31</b>	
		<b>2023</b>	2022
<i>Note</i>		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
	Deferred income tax liabilities	<b>48,373</b>	49,302
	Lease liabilities	<b>118,566</b>	137,231
		<b>166,939</b>	186,533
<b>Current liabilities</b>			
	Trade and other payables, and accrued charges	<b>1,083,571</b>	1,119,921
	Contract liabilities	<b>170,405</b>	186,345
	Current tax liabilities	<b>261</b>	883
	Borrowings	–	9,375
	Lease liabilities	<b>27,201</b>	30,639
	Financial liabilities at fair value through profit or loss	<b>13,050</b>	–
		<b>1,294,488</b>	1,347,163
	<b>Total liabilities</b>	<b>1,461,427</b>	1,533,696
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
	Share capital	<b>5,452,976</b>	5,452,976
	Reserves	<b>8,616,859</b>	8,564,131
		<b>14,069,835</b>	14,017,107
	<b>Non-controlling interests</b>	<b>40,376</b>	25,895
	<b>Total equity</b>	<b>14,110,211</b>	14,043,002
	<b>Total equity and liabilities</b>	<b>15,571,638</b>	15,576,698

## 1 GENERAL INFORMATION

Alibaba Pictures Group Limited (the “Company”) and its subsidiaries (together, the “Group”, each, a “Group Entity”) form an integrated platform with content and technology as the core, covering content production, promotion and distribution, IP merchandising licensing and commercial management, cinema ticketing management and Internet data services for the entertainment industry.

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

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As of March 31, 2023, the Company is approximately 50.0007% owned by Ali CV Investment Holding Limited (“Ali CV”). Ali CV is a wholly-owned subsidiary of Alibaba Investment Limited (“AIL”) which is in turn wholly-owned by Alibaba Group Holding Limited (“Alibaba Holding”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

**(a) New and amended standards adopted by the Group**

The Group has adopted the following new standards, amendments to standards and interpretations which are mandatory for the financial year beginning on April 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018–2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3, and
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards and amendments not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for March 31, 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **3 REVENUE AND SEGMENT INFORMATION**

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

The Board of Directors of the Company considers the business from perspective of types of goods or services delivered or provided. During the year ended March 31, 2023, the Group's operating and reportable segments are as follows:

- Content: the investment and production of entertainment contents such as film and drama series both domestically and internationally.
- Technology: the construction and operation of pan-entertainment infrastructure that promotes the digital upgrade of the entertainment sector. The business mainly comprises digital platform ticketing, digitalization business and others.
- IP merchandising and commercialization: backed by the Group's licensing and marketing capabilities, the Group could integrate resources within or outside the Alibaba Ecosystem to provide comprehensive distribution channels connecting with both corporate customers and individual consumers ("IP2B2C").

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	For the year ended March 31, 2023			Total RMB'000
	Content RMB'000	Technology RMB'000	IP merchandising and commercialization RMB'000	
<b>Segment revenue</b>				
– recognized at a point in time	1,507,776	516,902	543,517	2,568,195
– recognized over time	<u>201,525</u>	<u>740,353</u>	<u>–</u>	<u>941,878</u>
	1,709,301	1,257,255	543,517	3,510,073
Income from film and TV investments	<u>–</u>	<u>10,284</u>	<u>–</u>	<u>10,284</u>
<b>Total segment revenue</b>	<u><b>1,709,301</b></u>	<u><b>1,267,539</b></u>	<u><b>543,517</b></u>	<u><b>3,520,357</b></u>
<i>Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year</i>	<u>98,277</u>	<u>44,271</u>	<u>8,319</u>	<u>150,867</u>
	For the year ended March 31, 2022			Total RMB'000
	Content RMB'000	Technology RMB'000	IP merchandising and commercialization RMB'000	
<b>Segment revenue</b>				
– recognized at a point in time	1,632,195	756,883	440,255	2,829,333
– recognized over time	<u>315,662</u>	<u>503,347</u>	<u>–</u>	<u>819,009</u>
	1,947,857	1,260,230	440,255	3,648,342
Income from film and TV investments	<u>–</u>	<u>3,828</u>	<u>–</u>	<u>3,828</u>
<b>Total segment revenue</b>	<u><b>1,947,857</b></u>	<u><b>1,264,058</b></u>	<u><b>440,255</b></u>	<u><b>3,652,170</b></u>
<i>Including: revenue recognized that was included in the contract liabilities balance at the beginning of the year</i>	<u>14,680</u>	<u>27,239</u>	<u>7,418</u>	<u>49,337</u>



## Segment revenue and results

	For the year ended March 31, 2023			Total <i>RMB'000</i>
	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	
Segment revenue	<u>1,709,301</u>	<u>1,267,539</u>	<u>543,517</u>	<u>3,520,357</u>
Segment results	<u>281,603</u>	<u>344,951</u>	<u>156,273</u>	<u>782,827</u>
Unallocated selling and marketing expenses				(2,024)
Administrative expenses				(768,440)
Reversal of impairment losses on financial assets, net				56
Other income				48,989
Other losses, net				(282,380)
Finance income				117,114
Finance expenses				(8,403)
Share of loss of investments accounted for using the equity method				(39,472)
Impairment of investments accounted for using the equity method				<u>(127,589)</u>
<b>Loss before income tax</b>				<b><u>(279,322)</u></b>
	For the year ended March 31, 2022			
	Content <i>RMB'000</i>	Technology <i>RMB'000</i>	IP merchandising and commercialization <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>1,947,857</u>	<u>1,264,058</u>	<u>440,255</u>	<u>3,652,170</u>
Segment results	<u>317,493</u>	<u>430,949</u>	<u>197,103</u>	<u>945,545</u>
Unallocated selling and marketing expenses				(14,971)
Administrative expenses				(925,474)
Impairment losses on financial assets, net				(176,150)
Other income				113,078
Other gains, net				337,188
Finance income				91,988
Finance expenses				(12,703)
Share of loss of and gain on dilution of investments accounted for using the equity method				(10,749)
Impairment of investments accounted for using the equity method				<u>(218,850)</u>
<b>Profit before income tax</b>				<b><u>128,902</u></b>

During the years ended March 31, 2023 and 2022, all of the segment revenue reported above was from external customers and there were no inter-segment sales.

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

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

Most of the Group's segment revenue is derived from the Mainland of PRC except certain revenue from the content production segment.

As of March 31, 2023, the Group's non-current assets, other than financial instruments and deferred income tax assets, were located in the Mainland of the PRC, the USA and Hong Kong amounting to RMB3,804,051,000, RMB5,000 and RMB74,000, respectively.

For the year ended March 31, 2023, approximately 18% and 11% of the total revenues of the Group were derived from two external customers (2022: approximately 22% of the total revenues of the Group were derived from one single external customer). Other than these customers, no other customer contributed 10% or more of the Group's revenue during the years ended March 31, 2023 and 2022.

#### 4 OTHER INCOME

	<b>For the year ended March 31,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest income on loan receivables	<b>28,952</b>	28,239
Additional deduction of input VAT	<b>14,071</b>	12,066
Local government grants	<b>1,764</b>	4,898
Refund of service fee for withholding IIT	<b>1,526</b>	4,215
Sundry income	<b>2,676</b>	3,770
Dividend income	<b>—</b>	59,890
	<b><u>48,989</u></b>	<u>113,078</u>

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

	<b>For the year ended March 31,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Change in fair value of film and TV investments, at fair value	<b>73,787</b>	79,192
Net gains on disposal of film and TV investments	<b>14,310</b>	9,460
Change in fair value of listed investment	<b>14,064</b>	(121,012)
Change in fair value of structured deposits	<b>8,700</b>	-
Change in fair value of investment in wealth management products	<b>63</b>	75
Net loss on disposal of property, plant and Equipment	<b>(1,988)</b>	(565)
Compensation fee	<b>(18,744)</b>	-
Loss on dilution of investments accounted for using the equity method	<b>(130,976)</b>	-
Change in fair value of unlisted investments	<b>(239,316)</b>	320,587
Gain on disposal of subsidiaries	-	27,236
Gain on disposal of an associate	-	16,844
Trade and other payables written off	-	6,670
Others	<b>(2,280)</b>	(1,299)
	<b><u>(282,380)</u></b>	<u>337,188</u>

## 6 EXPENSE BY NATURE

	For the year ended March 31,	
	2023	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Film and TV copyrights recognized as cost of sales and services	<b>1,375,990</b>	1,542,116
Employee benefit expenses	<b>859,951</b>	648,683
Cost of inventories, cinema ticketing and intellectual property licenses and other services recognized as cost of sales and services	<b>633,809</b>	543,990
Marketing and promotion expenses	<b>348,666</b>	564,571
Technology service fees	<b>82,691</b>	55,859
Payment processing and other service fees	<b>58,113</b>	75,676
Depreciation of right-of-use assets	<b>32,309</b>	41,395
Amortization of intangible assets	<b>14,211</b>	13,958
Travel and entertainment fees	<b>12,314</b>	21,829
Depreciation of property, plant and equipment	<b>12,066</b>	41,280
Rental expense for short-term and low-value leases	<b>1,226</b>	660
SMS platform service and customer service support fees	<b>893</b>	8,595
Impairment loss on property, plant and equipment	–	7,607
Auditor's remunerations		
– Audit services	<b>3,500</b>	4,000
Others	<b>72,255</b>	76,851
	<hr/>	<hr/>
<b>Total cost of sales and services, selling and marketing expenses and administrative expenses</b>	<b><u>3,507,994</u></b>	<b><u>3,647,070</u></b>

*Note:*

The amount of 'Film and TV copyrights recognized as cost of sales and services' included an impairment loss on film and TV rights of RMB58,052,000 for the year ended March 31, 2023 (2022: RMB53,974,000).

**7 FINANCIAL INCOME AND EXPENSES**

	<b>For the year ended March 31,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Finance income		
– Interest income on bank deposits	<b>101,662</b>	73,276
– Exchange gain, net	<b>15,452</b>	18,712
	<u><b>117,114</b></u>	<u>91,988</u>
Finance expenses		
– Interest expenses on lease liabilities	<b>(8,388)</b>	(11,553)
– Interest expenses on bank borrowings	<b>(15)</b>	(1,150)
	<u><b>(8,403)</b></u>	<u>(12,703)</u>
<b>Finance income, net</b>	<u><b>108,711</b></u>	<u>79,285</u>

**8 INCOME TAX CREDIT**

	<b>For the year ended March 31,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current income tax (expense)/credit	<b>(1,116)</b>	10,110
Deferred income tax credit	<b>1,531</b>	15,303
	<u><b>415</b></u>	<u>25,413</u>

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the PRC statutory tax rate as follows:

	<b>For the year ended March 31,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>(Loss)/profit before income tax</b>	<b>(279,322)</b>	128,902
Tax calculated at a tax rate of 25% (2022: 25%)	<b>(69,831)</b>	32,226
Tax effects of:		
– Effect of different tax rates of subsidiaries	<b>46,034</b>	(67,895)
– Associates' and joint ventures' results reported net of tax	<b>42,757</b>	2,687
– Income not subject to tax	<b>(3,308)</b>	(5,740)
– Additional deduction in relation to research and development costs	<b>(2,987)</b>	(2,041)
– Expenses not deductible for tax purposes	<b>7,315</b>	3,005
– Refund of income tax from previous years	<b>(840)</b>	(11,996)
– Utilization of previously unrecognized tax losses	<b>(231,273)</b>	(154,345)
– Temporary differences and tax losses for which no deferred income tax asset was recognized	<b>211,718</b>	178,686
	<u><b>211,718</b></u>	<u>178,686</u>
<b>Tax credit</b>	<u><b>(415)</b></u>	<u>(25,413)</u>

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

Some of the subsidiaries are incorporated in the British Virgin Islands (“BVI”) as exempted companies with limited liability under the Companies Law of BVI and accordingly, are exempted from BVI income tax.

Provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (The year ended March 31, 2022: 25%) on the assessable income of each of the group companies, except that: (1) one subsidiary of the Company is taxed at preferential tax rates of 15% (The year ended March 31, 2022: 15%) from January 1, 2019 to December 19, 2025 under the relevant PRC tax rules and regulations; (2) one subsidiary of the Company, incorporated in Horgos, Xinjiang Province, is exempted from income taxes from the first year of generating revenue before December 31, 2030 and the exemption period is five years according to the relevant PRC tax rules and regulations; and (3) certain subsidiaries of the Company are small low-profit enterprises, followed by a reduced tax rate of 20% (The year ended March 31, 2022: 20%).

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

## 9 (LOSS)/EARNINGS PER SHARE

	For the year ended March 31,	
	2023	2022
Basic and diluted (loss)/earnings per share ( <i>RMB cents</i> )	<u>(1.09)</u>	<u>0.64</u>

### (a) Basic

Basic earnings or loss per share is calculated by dividing the (loss)/profit 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 year.

	For the year ended March 31,	
	2023	2022
(Loss)/profit attributable to owners of the Company ( <i>RMB'000</i> )	<u>(291,132)</u>	<u>169,853</u>
Weighted average number of ordinary shares in issue less shares held for share award scheme ( <i>thousands</i> )	<u>26,790,977</u>	<u>26,614,256</u>

### (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 potential dilutive ordinary shares. The Company had two categories of potential ordinary shares during the years ended March 31, 2023 and 2022, which are share options and unvested awarded shares.

The computation of diluted loss per share for the year ended March 31, 2023 did not assume the issuance of any dilutive potential ordinary share since they were antidilutive, which would decrease the loss per share.

## 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	For the year ended March 31,	
	2023 RMB'000	2022 RMB'000
At beginning of the year	1,723,173	2,075,319
Additions	1,375	9,250
Transfers ( <i>Note a</i> )	380,996	–
Disposal of investment in an associate	–	(121,900)
Share of loss of investments ( <i>Note b</i> )	(39,472)	(18,673)
(Loss)/gain on dilution of interest in associates ( <i>Note c</i> )	(130,976)	7,924
Share of other comprehensive income of an associate	(4,958)	1,393
Share of changes of other reserves of an associate	1,481	268
Impairment ( <i>Note d</i> )	(127,589)	(218,850)
Currency translation differences	23,219	(11,558)
	<u>1,827,249</u>	<u>1,723,173</u>
At end of the year		

- (a) On January 19, 2023, YH Entertainment Group was successfully listed on the Hong Kong Stock Exchange. The Group converted the redeemable instruments into ordinary shares. Accordingly, the Group transferred the investment from FVTPL to investments accounted for using the equity method.
- (b) 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 certain of the Group's associates and joint ventures as of March 31, 2023 and 2022 are not available. As a result, the Group records its share of profit or loss of investments accounted for using the equity method for those associates and joint ventures on one quarter in arrear basis for the years ended March 31, 2023 and 2022.

Bona Film Group Co., Limited ("Bona Film") was listed on Shenzhen Stock Exchange on August 18, 2022 and could provide its financial statements as of March 31, 2023 before the results announcement of the Group. The Group ceases to take advantage of the non-coterminous period end provision for this investment upon its listing and included the attributable share of profit or loss of this investment based on its financial statements drawn up to a coterminous period end with the Group from this consolidated financial statements for the year ended March 31, 2023.



Hence, the Group records its shares of profit or loss of this investment for the fifteen months ended March 31, 2023 in this consolidated financial statements of the Group for the year ended March 31, 2023 including the loss of RMB7,510,000 in the consolidated statement of profit or loss and a loss of RMB4,958,000 in the consolidated statement of comprehensive income, respectively, for the year ended March 31, 2023.

- (c) The amount represented the dilution loss on the Group's investments in Bona Film and Wuhan Two Ten Culture Communication Limited Company ("Wuhan Two Ten"). The dilution loss on the Group's investment in Bona Film was recognized upon the listing of this investment on August 18, 2022. The Group's interests in Bona Film was diluted from 7.72% to 6.18% after Bona Film listed on Shenzhen Stock Exchange. The difference between (1) the decrease in the carrying value of the Group's interest in Bona Film resulting from the decrease in percentage of shareholding and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution loss of RMB130,933,000 and was recognized in the consolidated statement of profit or loss for the year ended March 31, 2023.

As of March 31, 2022, the Group's interests in Wuhan Two Ten was 18%. During the year ended March 31, 2023, Wuhan Two Ten issued new shares to certain investors. Consequently, the Group's interests in Wuhan Two Ten was diluted from 18% to 17.79%. The difference between (1) the decrease in the carrying value of the Group's interest in Wuhan Two Ten resulting from the decrease in percentage of shareholding and (2) the Group's share of the proceeds received for the new shares issued resulted in a dilution loss of RMB43,000 and was recognized in the consolidated statement of profit or loss for the year ended March 31, 2023.

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

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

Based on the assessment results, the Group recognized an impairment loss of RMB127,589,000 (2022: RMB218,850,000) for the investments accounted for using the equity method of the Group for year ended March 31, 2023.

In respect of the recoverable amount determined with reference to the value in use assessment result, the estimated cash flows used in the assessments were based on assumptions, such as pre-tax discount rates, long-term growth rates, forecasted revenue, gross margin and working capital turnover rates, with reference to the business plans and prevailing market conditions. In respect of the recoverable amount determined with reference to the fair value less costs of disposals assessment result, the estimated fair values were based on assumptions, such as the forecasted revenue, IPO probability and expected volatility.

- (e) The Directors of the Company are of the view that none of the Group's associates or joint ventures was individually material to the Group as of March 31, 2023.

As of March 31, 2023, the aggregate carrying amounts of individually immaterial associates and joint ventures were RMB1,773,865,000 and RMB53,384,000, respectively (2022: RMB1,651,112,000 and RMB72,061,000).

During the year ended March 31, 2023, the aggregate amounts of the Group's share of loss from continuing operations of individually immaterial associates and joint ventures were RMB32,370,000 and RMB7,102,000, respectively (2022: RMB11,929,000 and RMB6,744,000).

## 11 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	As of March 31, 2023			As of March 31, 2022		
	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	942,431	-	942,431	1,170,109	-	1,170,109
- Third parties	627,036	-	627,036	652,250	-	652,250
Less: allowance for impairment of trade receivables	(115,211)	-	(115,211)	(147,621)	-	(147,621)
Trade receivables - net	<u>1,454,256</u>	<u>-</u>	<u>1,454,256</u>	<u>1,674,738</u>	<u>-</u>	<u>1,674,738</u>
Prepaid film deposits	-	49,796	49,796	10,000	38,500	48,500
Other prepayments	73,551	-	73,551	83,922	-	83,922
Other receivables arising from:						
- Receivables from related parties	61,549	-	61,549	63,383	-	63,383
- Loan receivables	768,319	147,960	916,279	126,769	700,000	826,769
- Receivables in relation to other film and TV investments	344,420	-	344,420	368,865	-	368,865
- Receivables in respect of reimbursement of distribution expenses	155,206	-	155,206	213,919	-	213,919
- Deductible VAT input	138,466	-	138,466	98,126	-	98,126
- Interest income receivables	31,975	-	31,975	80,328	-	80,328
- Deposits receivables	12,398	-	12,398	17,436	-	17,436
- Refund receivable in relation to the restructuring of an associate	-	-	-	38,883	-	38,883
- Others	106,560	24,355	130,915	111,720	20,489	132,209
Less: allowance for impairment of prepayments and other receivables	(440,201)	-	(440,201)	(341,744)	(160,000)	(501,744)
Other receivables and prepayments - net	<u>1,252,243</u>	<u>222,111</u>	<u>1,474,354</u>	<u>871,607</u>	<u>598,989</u>	<u>1,470,596</u>
Total trade and other receivables, and prepayments	<u>2,706,499</u>	<u>222,111</u>	<u>2,928,610</u>	<u>2,546,345</u>	<u>598,989</u>	<u>3,145,334</u>

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

*Note:*

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

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

	<b>As of March 31,</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0-90 days	<b>697,032</b>	891,276
91-180 days	<b>67,150</b>	243,470
181-365 days	<b>140,693</b>	143,960
Over 365 days	<b>664,592</b>	543,653
	<b><u>1,569,467</u></b>	<u>1,822,359</u>

## 12 TRADE AND OTHER PAYABLES, AND ACCRUED CHARGES

	As of March 31,	
	2023	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables ( <i>Note</i> )		
– Related parties	52,229	77,075
– Third parties	<u>313,744</u>	<u>311,837</u>
	<u>365,973</u>	<u>388,912</u>
Other payable and accrued charges:		
Amounts due to related parties	58,950	63,754
Payables in relation to distribution of films	195,690	250,654
Payroll and welfare payable	152,514	102,885
Accrued marketing expense	101,293	107,133
Other tax payable	84,484	58,783
Amounts received on behalf of cinema ticketing system providers	44,265	53,176
Professional fees payable	11,725	21,922
Deposit from customers	7,624	9,104
Amounts received on behalf of cinemas	3,020	1,161
Consideration payable for acquisition of a subsidiary	–	3,000
Others	<u>58,033</u>	<u>59,437</u>
	<u>717,598</u>	<u>731,009</u>
Total trade and other payables, and accrued charges	<u><b>1,083,571</b></u>	<u><b>1,119,921</b></u>

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

*Note:*

As of March 31, 2023 and 2022, the aging analysis of the trade payables based on invoice date is as follows:

	As of March 31,	
	2023	2022
	<b>RMB'000</b>	<b>RMB'000</b>
0–90 days	267,893	278,179
91–180 days	44,818	71,373
181–365 days	25,398	27,716
Over 365 days	<u>27,864</u>	<u>11,644</u>
	<u><b>365,973</b></u>	<u><b>388,912</b></u>

## 13 DIVIDEND

The Board of Directors of the Company has resolved not to recommend the payment of a dividend for the year ended March 31, 2023 (2022: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

During the Reporting Period, in the face of complex and ever-changing market environment, the Group is committed to its dual engine strategy featuring content and technology. By offering curated content and being empowered by innovative technology, the Group continues to explore business models and has increased its investments in technology which creates long-term value for the Group, enabling it to proactively optimize its business management strategy and to achieve solid business growth.

The Group's revenue was approximately RMB3,520 million for the Reporting Period, compared to approximately RMB3,652 million for the Corresponding Period. The Group's revenue for the Reporting Period remained largely stable compared to the Corresponding Period, demonstrating the resilience of its business operations, despite market fluctuations caused by the COVID-19 pandemic, as a result of the dual engine strategy. Due to the diversified business structure and improved operating efficiency, the adjusted EBITA increased significantly by approximately RMB152 million from a profit of approximately RMB143 million for the Corresponding Period to approximately RMB295 million for the Reporting Period.

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

	<b>For the year ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Operating (loss)/profit	<b>(220,972)</b>	279,216
Add:		
Share-based compensation	<b>147,152</b>	146,891
Amortization of intangible assets arising on business combinations	<b>12,669</b>	12,642
Allowance for impairment, and disposals, of long-term assets	–	(17,423)
Profit or loss on equity investment and change in fair value, net	<b>356,228</b>	<b>(277,976)</b>
<b>Adjusted EBITA</b>	<b><u>295,077</u></b>	<b><u>143,350</u></b>

The following table sets forth the Group's segment revenue and results for the periods indicated:

Segments	For the year ended March 31,			
	Segment revenue		Segment results	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Content	<b>1,709,301</b>	1,947,857	<b>281,603</b>	317,493
Technology	<b>1,267,539</b>	1,264,058	<b>344,951</b>	430,949
IP merchandising and commercialization	<b><u>543,517</u></b>	<u>440,255</u>	<b><u>156,273</u></b>	<u>197,103</u>
<b>Total</b>	<b><u>3,520,357</u></b>	<u>3,652,170</u>	<b><u>782,827</u></b>	<u>945,545</u>

*Note:* Segment results = revenue – cost of sales and services – selling and marketing expenses allocated to the relevant segment

The Group's revenue was approximately RMB3,520 million for the Reporting Period, a decrease of approximately RMB132 million compared to the Corresponding Period. Due to impacts of the COVID-19 pandemic on the film industry and consumer market, the Group recorded a year-over-year decrease in revenue from film and drama series content, and its revenue from the content segment decreased by approximately RMB239 million from RMB1,948 million for the Corresponding Period to approximately RMB1,709 million for the Reporting Period. By promoting synergy between live events and offline viewing, revenue from the Group's technology segment remained stable at approximately RMB1,268 million for the Reporting Period compared to the Corresponding Period. By acquiring high-quality IPs and launching IP commercialized products continually, the Group's revenue from the IP merchandising and commercialization segment was approximately RMB544 million for the Reporting Period, an increase of approximately RMB103 million compared to the Corresponding Period.

## Content

Content segment is the Group's core business, mainly comprising content from films, drama series and other types of content. Due to the COVID-19 pandemic, the total box office revenue in Mainland China was RMB31.8 billion for the Reporting Period, a year-over-year decrease by 26% (or approximately RMB11.1 billion) compared to the Corresponding Period. Benefiting from the Group's forward-looking layout in the content industry and steady improvement in its production and development capabilities, the Group produced and distributed a total of 26 films covering various genres such as comedy, romance, drama series and animation during the Reporting Period, which maintained good hit rates despite the industry slump. 12 of these films ranked among the top 20 films released during the same period in terms of box office, including "*The Wandering Earth 2* (流浪地球2)", which ranked second in terms of the box office revenue during the Chinese Lunar New Year; "*Moon Man* (獨行月球)" and "*Lighting Up the Stars* (人生大事)", which ranked first and second respectively in terms of the box office revenue during the summer movie season, as well as "*Post Truth* (保你平安)" and "*Suzume* (鈴芽之旅)", which were released in the first quarter of 2023. The films invested by the Group won numerous awards in the industry, such as the 35th China Golden Rooster Awards (i.e. one of the most prestigious and coveted awards in the industry) for Best Actor, Best Director, Best Feature Film and Best Art Design. The Group has a rich content reserve, with a number of high-quality films which promote the value of selflessness involving ordinary persons performing heroic deeds that grows strong sentiment and positive vibes, such as "*Lost in the stars* (消失的她)", "*All Ears* (不虛此行)", "*Be My Family* (無價之寶)", "*Chang'an* (長安三萬里)", "*I Did It My Way* (潛行)", "*Advancing of ZQ* (超能一家人)", "*Meg 2: The Trench* (巨齒鯊2：深淵)" and "*The Ex-File 4* (前任4：英年早婚)". These films have either been scheduled for release (subject to market conditions) or are in the process of being scheduled.

In addition to the significant investment in films, the Group has also been expanding its presence in other field of the content industry. Through the operation of studios, the Group has established close relationships with platforms, screenwriters and business partners, and continues to create high-quality content amidst the industrialization of content production. During the Reporting Period, the Group's studios continued to release works that were widely recognized by the Chinese market. The works include sports-themed drama series "*Falling into You* (熾道)" (a production of Dunqi Studio (敦淇工作室)) which topped the Weibo drama influence chart eight times, and ranked first in terms of weekly popularity on TikTok and daily popularity on Youku for 20 consecutive days; urban-themed romance drama series "*Lighter & Princess* (點燃我，溫暖你)" (adapted from a popular novel "*Lighter & Skirt* (打火機與公主裙)") which obtained a good rating of 7.5 on Douban, was very popular on Youku, had over 690 related searches on Weibo and ranked first in terms of weekly popularity on various platforms, in particular Weibo and TikTok, numerous times during its broadcast; suspenseful blockbuster drama series "*Be Reborn* (重生之門)" which accounted for almost 11% of the total audience share measured by Beacon (燈塔正片播放市佔率) and received lots of positive feedback and comments from multiple media companies and was a finalist of the prestigious 31st China TV Golden Eagle Award for Outstanding Television Series; and self-produced drama series "*Rising Lady* (她們的名字)" (a production of Shisui Studio (拾穗工作室), released on Zhejiang STV and Youku) with the viewership ratings exceeding 1.8%, which ranked first in terms of the total audience share measured by Beacon (燈塔正片播放市佔率) for two consecutive weeks and was widely discussed on platforms such as Weibo and TikTok. The Group would continue to invest in high-quality content that could connect with the audience and could create timeless, touching and popular works. The Group plans to release its self-produced drama series, such as medical drama series "*Surgery Live Room* (手術直播間)", motivational drama series "*Pegasus* (飛馳人生)", rural-themed drama series "*Fifth Place Fortune* (第五名發家)" and urban-themed romance drama series "*Endless Love* (亦舞之城)".

The Group's revenue from the content segment was approximately RMB1,709 million for the Reporting Period, a decrease of approximately 12% compared to approximately RMB1,948 million for the Corresponding Period. The Group's segment result from the content segment was approximately RMB282 million, a decrease of approximately 11% compared to approximately RMB317 million for the Corresponding Period.

## **Technology**

The technology business is an important part of the Group's strategy and an essential force in the construction of the Group's pan-entertainment infrastructure that increases the use of technology in the entertainment industry. The segment mainly comprises platform ticketing, digitalization and other businesses.

The Group's platform ticketing business includes Tao Piao Piao (2C platform), Yunzhi (2B platform) and Damai (which the Group is entrusted to manage and operate Damai's live entertainment business). Tao Piao Piao is an important platform of the Group, which provides ticketing services to cinemas and caters for consumers at large when they make their viewing decisions. During the Reporting Period, Tao Piao Piao and Damai jointly improved their "Taomai VIP" (淘麥VIP) membership program, where VIP members can have ticketing privileges and better consumer experience, such as ticket price discounts, VIP fast pass and access to star-studded events. As of March 31, 2023, the number of Taomai VIP members exceeded 15 million.

The Group has been exploring ways to integrate technology with members-oriented business. It introduced its first "hyper-real" virtual idol, namely Leah. Leah was appointed as a digital brand spokesperson of Taomai VIP and other projects. Digital humans are part of the Group's smart digital technology business. The multi-dimensional collaboration between Leah and "*Suzume* (鈴芽之旅)" laid a solid foundation for the Group's new sales model through integrating digital humans with other movies and drama series in the future.

Yunzhi, a leading cloud-based digital intelligence product that offers operation and management services to cinemas, is designed to use technology to help cinemas improve operating and management efficiency and reduce their operating costs. During the Reporting Period, Yunzhi ranked first among industry peers in terms of the number of ticket-issuing cinemas. To integrate live entertainment business with the Group's business, the Group provided Damai with entrusted operation management services during the Reporting Period to enhance operating efficiency while jointly exploring the business potential of live entertainment. Damai's live entertainment business expanded into the markets in Hong Kong and Macao, China, and such expansion laid a solid foundation for Damai to expand its business into new jurisdictions or areas.



The Group's digitalization platform business comprises an integrated content promotion and distribution platform, consisting of "Beacon (燈塔)" (a promotion and distribution platform), "Dark Horse (黑馬)" (a comprehensive marketing solutions designer) and "Taoxiu Media Group (淘秀光影)" (a content marketing agency), for the purpose of providing a comprehensive coverage of marketing services. The digitalization platform creates the underlying prediction logic and business models for promotion and distribution through two digital platforms of Beacon (i.e. "Beacon Research (燈塔研究院)" and "Beacon Professional (燈塔專業版)"), and offers comprehensive marketing solutions through Taoxiu Media Group and Dark Horse. Those solutions will be constantly adjusted and optimized depending on the market feedback. During the Reporting Period, the digitalization platform provided live streaming marketing services and content marketing services on an exclusive basis for a number of films, drama series and variety shows, such as films "Moon Man (獨行月球)" and "Exchange Lives (交換人生)", drama series "Lighter & Princess (點燃我，溫暖你)" and also content marketing services for various online drama series and brands.

Other technology products of the Group include the Cloud Production business, which is closely integrated with the production of film content and drama series content. Cloud Production is a digital product covering the entire production process and production scenarios and is designed to promote the industrialization for upgrading the pan-entertainment industry. Featured functions include production crew management, shooting management and financial management, which can assist production companies and crew in monitoring filming quality and filming progress, improving production efficiency and reducing production cost. During the Reporting Period, Cloud Production used its core technology to support more than 300 projects in the pan-entertainment industry, covering various genres such as drama series, films, animation, variety shows and documentaries. In addition, Cloud Production launched a new live event management system, which enables the production crew to control the filming quality on-site and to collaborate more efficiently. The function has been used by a number of production crew.

The Group will continue to explore opportunities in smart digital technology business, use technology in the film production process and use innovative technology to create film content and drama series content.

The Group's revenue from the technology segment was approximately RMB1,268 million for the Reporting Period and remained largely stable compared to the Corresponding Period. The Group's segment result from the technology segment was approximately RMB345 million, a decrease of 20% compared to the Corresponding Period. The decrease was primarily due to an adverse impact of the COVID-19 pandemic on the film market in Mainland China.

## IP merchandising and commercialization

The IP merchandising and commercialization business is the Group's core business for expanding its presence in the entertainment industry. As a part of Alibaba's ecosystem, the Group has an abundant reserve of heartwarming and storytelling IPs derived from films, drama series and variety shows which could express and convey consumers' emotions and needs. IP merchandises provide consumers with a richer, better and more tangible product experience. This segment creates synergies with the content segment and allows consumers to build a deeper connection with IP characters and their stories across online and offline channels.

To better connect with its consumers, the Group created a series of distinctive pop toys by combining the IPs of its pop toy brand "KOITAKE", namely, "AZZO", "*Moon White* (月白)", "*Jelly - Comedian* (果凍 - 喜劇人)" and "YOKUKU", with movies and drama series. Those pop toys showcase the personalities of drama characters and feature iconic drama scenes. During the Reporting Period, the Group created pop toys based on "*Moon Man* (獨行月球)" (the Group's summer blockbuster), "*Immortal Samsara* (沉香如屑)" and "*Being a Hero* (冰雨火)" (each a popular drama series broadcast on Youku), "*Street Dance of China Season 5* (這！就是街舞五)" (a popular variety show broadcast on Youku) and "*Empresses in the Palace* (甄嬛傳)" (a classic Chinese drama series). During the Reporting Period, the Group also partnered with studio artists to launch, on an exclusive basis, pop toys "*Aroma Princess - Dunhuang Giraku* (香料公主 - 敦煌伎樂系列)" and "*Kayla's Asylum* (凱拉十世 - 瘋人院系列)", offering rich content to meet the demands of different consumers.

Apart from pop toys, the Group is committed to acquiring high-quality IPs, enhancing their visibility in the market, facilitating its business partners to generate economic benefits from those IPs, and offering innovative products to meet consumer needs. During the Reporting Period, the Group entered into an agreement with Sanrio, where the Group could enjoy an exclusive right, with a term of 5 years commenced on January 1, 2023, to manufacture and sell merchandises of 26 Sanrio characters, such as Hello Kitty, Melody and Little Twin Stars, in Mainland China. The number of the Group's IPs and consumers increased as a result. The cooperation allows the Group to introduce more high-quality IP products, to provide consumers with a richer product experience and to form a win-win situation with its business partner.

During the Reporting Period, the online platform operated by the Group in Mainland China provided fundraising and integrated e-commerce marketing services, on an exclusive basis, to "*The Wandering Earth 2* (流浪地球2)" (which ranked second in terms of the box office revenue during the Chinese Lunar New Year) and raised funds exceeding RMB130 million.

The Group is not only a discoverer of IP content, but also a service platform to commercialize IPs. Backed by the Group's licensing and marketing capabilities, the Group could integrate the resources across Alibaba's ecosystem and provide comprehensive distribution channels connecting both corporate customers and individual consumers (IP2B2C). The Group aims to help develop the licensing industry in Mainland China by providing leading merchants with ongoing support, incubating new brands and exploring popular and emerging trends. During the Reporting Period, sales within the category of toys and figures at Tmall increased by 27% year-over-year as the Group introduced crossover products and seasonal and innovative products.

The Group will continue to explore ways to realize the intrinsic value of its IPs, such that high-quality and storytelling IPs are timeless, collectible and valuable.

The Group's revenue and segment result from the IP merchandising and commercialization segment were approximately RMB544 million and approximately RMB156 million for the Reporting Period, respectively. The Group's revenue increased by 23% year-over-year; whereas the Group's segment result decreased by approximately RMB41 million, mainly due to the closure of offline stores during the COVID-19 pandemic and the Group's investments to improve the quality of IPs and products.

## **PROSPECTS**

As the cultural and entertainment industry continued to recover, the total box office revenue was approximately RMB6,765 million during the Chinese Lunar New Year in 2023, reaching the pre-pandemic level. Against this backdrop, the Group would further increase its presence in the pan-entertainment industry through enhancing its dual engine strategy featuring content and technology. In the face of a complex and ever-changing market environment, the Group will continue to invest in high-quality content, innovations and customer value and to focus on three key areas for its business growth: creating high-quality content, building the infrastructure in the cultural and entertainment industry and enriching the pan-entertainment ecosystem. The Group will continue to collaborate with Alibaba's ecosystem and to leverage its unique strengths in content and technology to offer diversified content at different points in time and through multiple channels, while benefiting more market participants and the cultural industry.

Looking ahead, the Group will continue to:

1. make significant investments in a full range of entertainment content and improve its capabilities to produce a broader set of content, including film content and drama series content, with a view to delivering high-quality content to the market steadily;

2. expand the scope of its technology platform services and explore business opportunities associated with digital humans and explore multiple business models for IP merchandising and commercialization; and
3. promote its collaboration and cooperation within Alibaba's ecosystem to unlock the potential of "content + technology".

The Group expects to finance its business initiatives in the financial year ending March 31, 2024 with its own internal resources, but may seek external financing if appropriate opportunities and conditions arise.

## **FINANCIAL REVIEW**

### **Revenue and Profit**

During the Reporting Period, the Group's revenue was approximately RMB3,520 million, which remained largely stable compared to the Corresponding Period. The Group recorded a turnaround from profit to loss, and the net loss attributable to owners of the Company was approximately RMB291 million, for the Reporting Period, primarily due to the loss on the Group's listed equity investments. After excluding such loss and other relevant items, the Group's adjusted EBITA for the Reporting Period remained positive and was approximately RMB295 million, an increase of 106% year-over-year.

Basic and diluted loss per share of the Company (the "Share") decreased from earnings per Share of RMB0.64 cents for the Corresponding Period to loss per Share of RMB1.09 cents for the Reporting Period.

### **Selling, Marketing and Administrative Expenses**

Selling and marketing expenses of the Group decreased by approximately RMB216 million year-over-year from approximately RMB565 million for the Corresponding Period to approximately RMB349 million for the Reporting Period. Selling and marketing expenses as a percentage of revenue decreased from 15% for the Corresponding Period to 10% for the Reporting Period, reflecting the Group's prudence in incurring marketing expenses in the face of market uncertainties.

Administrative expenses of the Group decreased by approximately RMB157 million year-over-year from approximately RMB925 million for the Corresponding Period to approximately RMB768 million for the Reporting Period as the Group improved its operating efficiency whilst reducing cost.

## **Net Finance Income**

During the Reporting Period, the net finance income of the Group was approximately RMB109 million, mainly comprising interest income on bank deposits and gains on foreign exchange. As the Group held cash reserves in various foreign currencies, gains on foreign exchange were due to the depreciation of RMB against U.S. dollar (“USD”) during the Reporting Period.

## **Material Investments**

As of March 31, 2023, the Group held 17 investments in joint ventures and associates, all of which were accounted for using the equity method, with a total book value of approximately RMB1,827 million. As of March 31, 2023, the Group also held 13 investments in unlisted companies and one investment in a listed company, all of which were classified as financial assets at fair value through profit or loss, with a total book value of approximately RMB760 million.

The Group’s three largest investments were Bona Film Group Co., Limited (“Bona Film”), YH Entertainment Group and Shanghai Tingdong Film Co., Ltd.\* (上海亭東影業有限公司), all of which were engaged in the film production and distribution business, artist management and other pan-entertainment businesses. The investment in Bona Film constitutes a significant investment of the Group, with an investment amount of approximately RMB840 million, representing approximately 6.18% of the equity interest in Bona Film. As of March 31, 2023, the carrying amount of the Group’s long-term equity investment in Bona Film was approximately RMB883 million, representing 5.67% of the Group’s total assets. During the Reporting Period, the Group did not receive any dividend and recorded an unrealized loss of approximately RMB138 million in respect of such investment. The management of the Company expects that there will not be material adverse change in its investment in Bona Film in the financial year ending March 31, 2024, but its value may still be affected by future market conditions.

The Group adopted a conservative investment strategy to manage its investment portfolio (including its investment in Bona Film) during the Reporting Period. Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets as of March 31, 2023.

## **Financial Resources and Liquidity**

As of March 31, 2023, the Group held cash and cash equivalents and bank deposits with the maturity within one year of approximately RMB3,920 million (March 31, 2022: approximately RMB3,560 million), which were denominated in RMB, USD and Hong Kong dollar. As of March 31, 2023, the Group had a net cash position with a gearing ratio (being net borrowings over total equity) of nil (March 31, 2022: nil). The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder returns and a sound capital position. The Group may make adjustments, where necessary, to maintain an optimal capital structure and to reduce the cost of capital. Further, the Group may purchase wealth management products, where appropriate, in line with its treasury and investment policies, after taking into account, among other things, level of risk, return on investment, liquidity and term of maturity.

## **Foreign Exchange Risks**

While the majority of the Group's production costs and administrative costs are denominated and settled in RMB, the Group requires foreign currencies for some of its offshore investments and collaborations with studios outside Mainland China. The Group will continue to closely monitor its capital needs and manage foreign exchange risks accordingly. As of March 31, 2023, the Group did not have a foreign currency hedging policy nor has it used any currency hedging instruments or financial instruments for hedging purpose, but will closely monitor its foreign currency exposure in a cost-effective manner.

## **Charge on Assets**

As of March 31, 2023, the Group did not have any indebtedness secured by assets. As of March 31, 2022, the Group's fixed assets with a value of approximately RMB9 million were pledged for borrowings in the amount of approximately RMB9 million.

## **Contingent Liabilities**

As of March 31, 2023, the Group did not have any material contingent liabilities (March 31, 2022: nil).

## **Material Acquisitions and Disposals**

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **Employees and Remuneration Policies**

As of March 31, 2023, the Group had 1,393 employees (March 31, 2022: 1,334 employees). The total employee benefit expenses of the Group were approximately RMB860 million for the Reporting Period (March 31, 2022: approximately RMB649 million). The remuneration policies of the Group are determined based on prevailing market rates and the performance of the Group and individual employees. These policies are reviewed on a regular basis. In addition to salary, the Group also provides its employees with fringe benefits, including year-end bonuses, discretionary bonuses, share options under the Company's share option schemes, awarded Shares under the Company's share award scheme (the "Share Award Scheme"), contributory provident fund, social security fund, medical benefits and training.

## **Subsequent Events**

There was no important event which might affect the Group after March 31, 2023 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board has resolved that no final dividend will be declared for the year ended March 31, 2023 (For the year ended March 31, 2022: nil).

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “Shareholders”) and to enhance corporate value and accountability. It has adopted the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code, save as disclosed below:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. FAN Luyuan currently performs two roles. The Board considers that vesting the roles of both chairman and chief executive officer in the same person will facilitate the development and execution of the Group’s business strategies, which will help the Company overcome market challenges and create more value for the Shareholders. The Board believes that the balance of power and authority for the present arrangement would not be impaired given that there are sufficient checks and balances in the Board as a decision to be made by the Board requires approval by a majority of the Directors and such balance is ensured by the Board which comprises experienced and high caliber individuals and three of whom are independent non-executive Directors.

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted its own code of conduct regarding Directors’ securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, each of the Directors confirmed that he/she has complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the Reporting Period.

## **REVIEW OF ANNUAL RESULTS**

The consolidated annual results of the Group for the Reporting Period have been reviewed by the audit committee of the Company.

The financial figures in respect of the Group’s consolidated balance sheet as at March 31, 2023, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended March 31, 2023 as set out in this announcement have been compared by the Group’s external auditor, PricewaterhouseCoopers (“PwC”), to the amounts set out in the Group’s audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

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

Except that the trustee of the Share Award Scheme purchased a total of 15,000,000 Shares from the market to satisfy the awarded Shares granted to connected employees of the Company upon vesting pursuant to the terms of such scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

#### **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The final results announcement is published on the websites of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)) and the Company ([www.alibabapictures.com](http://www.alibabapictures.com)), respectively. The annual report of the Group for the Reporting Period will be dispatched to the Shareholders and published on the above websites in due course.

By order of the Board  
**Alibaba Pictures Group Limited**  
**Fan Luyuan**  
*Chairman & Chief Executive Officer*

Hong Kong, May 31, 2023

As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun as the executive Directors; Mr. Tung Pen Hung as the non-executive Director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen as the independent non-executive Directors.

\* *For identification purposes only*