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**GRANT OF AWARDED SHARES
AND
ISSUE OF NEW SHARES UNDER GENERAL MANDATE
PURSUANT TO SHARE AWARD SCHEME**

GRANT OF AWARDED SHARES

The Board announces that on June 16, 2021, the Company granted a total of 144,803,746 Awarded Shares to 413 Selected Employees in accordance with the terms of the Share Award Scheme.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

Out of the 144,803,746 Awarded Shares, 5,850,000 Awarded Shares were granted to 3 Connected Grantees while 138,953,746 were granted to 410 Non-connected Grantees. New Shares shall be allotted and issued pursuant to the 2020 General Mandate to the Trustee at nominal value pursuant to the terms of the Share Award Scheme in order to satisfy the Awarded Shares granted to the Non-connected Grantees.

Reference is made to the announcement of Alibaba Pictures Group Limited (the “Company”) dated January 4, 2017 (the “Announcement”) relating to the adoption of the share award scheme by the Company on December 30, 2016 (the “Share Award Scheme”). The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

GRANT OF AWARDED SHARES

The Board announces that on June 16, 2021, the Company granted a total of 144,803,746 Awarded Shares (the “Grant”) to 413 Selected Employees (the “Grantees”), among whom 3 Selected Employees are connected persons of the Company (the “Connected Grantees”) and 410 Selected Employees are not connected persons of the Company (the “Non-connected Grantees”), in accordance with the terms of the Share Award Scheme at nil consideration, subject to acceptance by the Grantees. Each of the Awarded Shares granted to the Grantees represents the right to receive a Share on the date it vests and the Awarded Shares granted are not subject to performance targets.

Details of the Grant are set out below:

	Number of Awarded Shares
Non-connected Grantees	138,953,746
Connected Grantees	
- Mr. Fan Luyuan	3,000,000
- Mr. Li Jie	2,250,000
- Mr. Meng Jun	600,000
Total	<u>144,803,746</u>

In relation to the 5,850,000 Awarded Shares granted to the Connected Grantees, the Board shall procure the Trustee to purchase existing Shares from the market out of cash contributed by the Company to be held on trust for the Connected Grantees until such Awarded Shares are vested with such Connected Grantees pursuant to the Share Award Scheme.

Based on the closing price of HK\$1.06 per Share as quoted on the Stock Exchange on June 16, 2021 (being the date of grant of the Awarded Shares), the market value of the Awarded Shares granted to the Connected Grantees amounts to HK\$6,201,000. The grant of Awarded Shares to each of the Connected Grantees has been approved by the Board (including but not limited to the independent non-executive Directors), save that none of Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun was involved in deciding the grant of the Awarded Shares to himself.

Except for Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE SHARE AWARD SCHEME

In relation to the 138,953,746 Awarded Shares granted to the Non-connected Grantees who are not connected persons of the Company, new Shares shall be allotted and issued, pursuant to the general mandate (the “2020 General Mandate”) granted by the shareholders of the Company at the annual general meeting of the Company held on September 10, 2020 (the “2020 AGM”), to the Trustee at nominal value pursuant to the terms of the Share Award Scheme. Pursuant to the 2020 General Mandate, the Company can issue and allot a maximum number of 5,366,423,042 Shares (being 20% of the total number of the issued shares of the Company as at the date of the 2020 AGM). Except for such proposed issue of 138,953,746 new Shares, no other new Shares have been previously issued or allotted under the 2020 General Mandate.

As at the date of this announcement, the Trustee is a third party independent of the Company and its connected persons. The Board shall cause to be paid the subscription money of HK\$34,738,436.50 for the 138,953,746 new Shares from the Company's internal resources to the Trustee. Upon the allotment of the 138,953,746 new Shares, the Trustee will hold the said new Shares on trust for the Non-connected Grantees and will transfer the respective proportions to each of them at no cost upon vesting and settlement of their respective Awarded Shares.

The issue of new Shares to satisfy the 138,953,746 Awarded Shares represents (i) approximately 0.52% of the total issued Shares as at the date of this announcement; and (ii) approximately 0.52% of the total issued Shares as enlarged by such allotment and issue.

No new funds will be raised as a result of the aforesaid allotment and issue. The Company has not engaged in any fund-raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement. The new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of such Shares held by it under trust.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 138,953,746 new Shares to be allotted and issued.

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

Hong Kong, June 16, 2021

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