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CONTINUING CONNECTED TRANSACTIONS – RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT

RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT

The Board announces that Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Renewed Commercial Development Services Agreement with Youku Information, a consolidated entity of AGH, on March 25, 2022 for a term commencing from April 1, 2022 and ending on March 31, 2025. Pursuant to the Renewed Commercial Development Services Agreement, Zhonglian Shengshi agrees to provide, and Youku Information agrees to use, the Services, subject to the Annual Caps.

LISTING RULES IMPLICATIONS

Youku Information is a consolidated entity of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.0007% of the issued share capital of the Company as at the date of this announcement. Accordingly, Youku Information is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest Annual Cap are more than 0.1% but less than 5%, the entering into of the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated April 12, 2019 in relation to the entering into of the Commercial Development Services Agreement. As the Commercial Development Services Agreement will expire on March 31, 2022, Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Renewed Commercial Development Services Agreement with Youku Information, a consolidated entity of AGH, on March 25, 2022 to renew the Commercial Development Services Agreement for a term commencing from April 1, 2022 and ending on March 31, 2025.

RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT

The principal terms of the Renewed Commercial Development Services Agreement are set out below:

Date: March 25, 2022

Parties: (1) Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company
(2) Youku Information, a consolidated entity of AGH

Term: three years commencing from April 1, 2022 and ending on March 31, 2025

Subject matter

Pursuant to the Renewed Commercial Development Services Agreement, Zhonglian Shengshi agrees to provide, and Youku Information agrees to use, the services in relation to the commercial development of the Original Programmes (the “Services”) during the term of the Renewed Commercial Development Services Agreement. Youku Information will use the Services to serve its Working Parties. In return, Youku Information pays to Zhonglian Shengshi fees for the Services (the “Service Fees”).

Details of the Services to be provided in different stages are set out below:

- (1) Business opportunities exploration stage
 - (a) Zhonglian Shengshi will design, develop and prepare a gallery of pictures and materials (including but not limited to characters, poses, expressions, logos, classical texts of advertisements and publicity materials, badges and props, underlines and laces, colour specifications and product demos) based on the content styles of the Original Programmes and the business development needs of the target Working Parties;
 - (b) Zhonglian Shengshi will regularly update the resource packs for Youku Information;
 - (c) To cater for Youku Information’s expansion in e-commerce resources (such as advertising space resources and aggregation pages), Zhonglian Shengshi will categorize and formulate plans in e-commerce resources, sort out the standards and conditions for the execution of various types of e-commerce resources,

timely manage the scheduling plan of the projects, and provide resource packs relevant to the commercial development of the Original Programmes for the Working Parties to use when required;

- (d) Zhonglian Shengshi will provide plans for categorizing IP-derivative commodities of the Original Programmes and fix their standard prices and selling prices; and
- (e) Zhonglian Shengshi will assist Youku Information and its Working Parties in formulating marketing proposals.

(2) Negotiation stage

Zhonglian Shengshi will assist Youku Information and its Working Parties in exploring business opportunities and conducting business negotiations by providing consulting services and recommendations.

(3) Execution stage

- (a) Zhonglian Shengshi will provide Youku Information and/or its Working Parties with a gallery of pictures and materials as well as necessary and appropriate training on the use of the gallery materials on a regular basis;
- (b) Zhonglian Shengshi will assist Youku Information and the Working Parties in completing the supervisory review and adjusting the design by providing recommendations to ensure the commodities and marketing materials of the Working Parties to be in compliance with the applicable laws and regulations; and
- (c) Zhonglian Shengshi will be responsible for coordinating with e-commerce resources platforms, assisting in ensuring the availability of resource packs, providing timely feedbacks to Youku Information and its Working Parties and helping the Working Parties in completing the commercial development transactions.

Basis of determination of the Service Fees

The Service Fees chargeable by Zhonglian Shengshi to Youku Information shall be a certain proportion of total income (taxes inclusive) receivable by Youku Information from commercial development of the Original Programmes for which Zhonglian Shengshi provides the Services. Zhonglian Shengshi's sharing proportion for each of the three financial years ending March 31, 2023, March 31, 2024 and March 31, 2025 is fixed at 5%.

Payment terms

The Service Fees shall be charged by Zhonglian Shengshi to Youku Information on a quarterly basis and settled in cash within 10 business days upon Youku Information's receipt of the value-added tax invoice(s) from Zhonglian Shengshi.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The Board has determined each of the annual caps for the Service Fees under the Renewed Commercial Development Services Agreement for the three financial years ending March 31, 2023, March 31, 2024 and March 31, 2025 (the “Annual Caps”) to be fixed at RMB80,000,000.

The Annual Caps are determined with reference to (i) the historical Services Fees payable or paid by Youku Information to the Group under the Commercial Development Services Agreement for the two financial years ended March 31, 2020 and March 31, 2021 and the period from April 1, 2021 to February 28, 2022, being approximately RMB34,936,000, RMB40,993,000 and RMB37,890,000, respectively; (ii) Youku Information’s potential demand for the commercial development of drama series and variety shows during the term of the Renewed Commercial Development Services Agreement, (iii) the human resources to be made available from Zhonglian Shengshi, and (iv) a certain buffer for a potential growth in the demand of Youku Information for the Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT

Youku is one of the leading online video streaming platforms in the PRC. Youku enables users to search, view and share high-quality video content quickly and easily across multiple devices. Youku’s original drama series and variety shows retain a large user base and potential appeal for commercial development. The cooperation with Youku Information on its original drama series and variety shows will enhance the Group’s operation teams’ understanding on and further the Group’s exploration into the market for IP-based commercial development, and also improve its capabilities in attracting business opportunities and providing the relevant services. Based on the IP-based development and production capabilities of Youku Information as well as the commercialization experience and talent pool of the Group, and the synergies of both parties’ cooperation, we will provide better services for our working partners and promote joint success for multiple parties.

Having reviewed the terms of the Renewed Commercial Development Services Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Commercial Development Services Agreement and the relevant Annual Caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and that the entering into of the Renewed Commercial Development Services Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Youku Information is a consolidated entity of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.0007% of the issued share capital of the Company as at the date of this announcement. Accordingly, Youku Information is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest Annual Cap are more than 0.1% but less than 5%, the entering into of the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Liu Zheng is an employee of AGH or its subsidiaries, and (ii) Mr. Li Jie is currently taking up a management role in a subsidiary of AGH, they are deemed or may be perceived to have a material interest in the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder (including the Annual Caps). As such, each of Mr. Fan Luyuan, Mr. Meng Jun, Mr. Liu Zheng and Mr. Li Jie has abstained from voting on the relevant resolution(s) of the Board in relation to the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder (including the Annual Caps).

Save as disclosed above, none of the other Directors has a material interest in the Renewed Commercial Development Services Agreement and the transactions contemplated thereunder (including the Annual Caps), and therefore none of them has abstained from voting on the said resolution(s) passed by the Board.

INFORMATION ON THE COMPANY AND ZHONGLIAN SHENGSHI

The Company is listed on the Stock Exchange (stock code: 1060). The Company focuses on developing the full business potential of integration and innovative applications of the Internet and traditional film and television industries. The core business of the Company includes three major segments: content, technology, and IP merchandising and commercialization. These segments encompass (i) investment in and production and distribution of entertainment content, such as film and drama series, both domestically and internationally; (ii) digitalization in the entertainment sector, including platform ticketing, digital intelligence business and other technology products; and (iii) centered around content IP, provision of professional services such as IP development and operation, and production and distribution of IP derivatives, respectively.

Zhonglian Shengshi, being a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of the Company. It serves mainly administrative management or support and investment holding purposes for the Group.

INFORMATION ON AGH, ALIBABA GROUP AND YOUKU INFORMATION

AGH is a company incorporated in the Cayman Islands with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988).

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that will last for 102 years. Alibaba Group's businesses are comprised of China commerce, International commerce, Local consumer services, Cainiao logistics services, Cloud services, Digital media and entertainment, and Innovation initiatives and others.

Youku Information, being a company established under the laws of the PRC, is a consolidated entity of AGH which is principally engaged in online video services, online advertising businesses and value-added telecommunication services in the PRC on Youku platform.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“AGH”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988)
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“Alibaba Group”	AGH and its subsidiaries
“Annual Caps”	has the meaning as defined in the section headed “ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS” of this announcement, each the “Annual Cap”
“associate(s)”, “connected person(s)”, “controlling shareholder(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Development Services Agreement”	the commercial development services agreement entered into between 上海淘票票影視文化有限公司 (Shanghai Tao Piao Piao Movie & TV Culture Co., Ltd.*), being a consolidated subsidiary of the Company, and Youku Information on April 12, 2019 for a term commenced from April 1, 2019 and ending on March 31, 2022 in relation to the Services
“Company”	Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1060)

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Programmes”	the original entertainment programmes (including but not limited to drama series and online variety shows) produced, or jointly produced, by Youku Information, and the intellectual property rights of which are owned and may be used by Youku Information for commercial development
“PRC”	the People’s Republic of China
“Renewed Commercial Development Services Agreement”	the renewed commercial development services agreement entered into between Zhonglian Shengshi and Youku Information on March 25, 2022 for a term commencing from April 1, 2022 and ending on March 31, 2025 in relation to the Services
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	has the meaning as defined in the section headed “RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT – Subject matter” of this announcement
“Service Fees”	has the meaning as defined in the section headed “RENEWED COMMERCIAL DEVELOPMENT SERVICES AGREEMENT – Subject matter” of this announcement
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Working Parties”	the working parties participating in the commercial development of the Original Programmes (including but not limited to, the development of IP-derivative commodities, joint marketing, cooperation in commercial advertising and embedded advertising in the Original Programmes)

“Youku Information”

優酷信息技術（北京）有限公司 (Youku Information Technology (Beijing) Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated entity of AGH

“Zhonglian Shengshi”

中聯盛世文化（北京）有限公司 (Zhonglian Shengshi Culture (Beijing) Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%”

per cent

** For identification purposes only*

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

Hong Kong, March 25, 2022

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