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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)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – TRANSFER OF COPYRIGHTS AND PROVISION OF TV DISTRIBUTION SERVICES

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2019 Announcement, the 2019 Circular, the 2020 Announcement and the 2021 Circular in relation to among others, the Transfer of Copyrights and the Provision of TV Distribution Services under the Existing Agreement.

As the Existing Agreement will expire on March 31, 2023, Alibaba Pictures (Tianjin) entered into the Framework Agreements on February 8, 2023 to renew the existing continuing connected transactions under the Existing Agreement for a term of three years commencing from April 1, 2023 to March 31, 2026 and to set the annual caps for the transactions contemplated thereunder for the three years ending March 31, 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Alibaba Holding is the ultimate 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 Youku Technology is an indirect subsidiary of Alibaba Holding, Youku Technology is therefore an associate of Ali CV and thus a connected person of the Company. The transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the Transfer of Copyrights is more than 5%, those transactions are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the Provision of TV Distribution Services by the Group to the Relevant Youku Members is more than 0.1% but less than 5%, those transactions are subject to the reporting and announcement requirements, but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the highest annual cap for (i) the Provision of TV Distribution Services by the Relevant Youku Members to the Group; (ii) the Provision of TV Distribution Services by third parties to the Group and the Relevant Youku Members; (iii) the Provision of Commercial Development Services; and (iv) the Provision of Overseas Distribution Services are less than 0.1%, those transactions are fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to provide recommendation to the Independent Shareholders in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto). Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things: (i) details of the transactions contemplated under the Transfer of Copyrights Framework Agreement; (ii) a letter of advice from the Independent Board Committee to the independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders by no later than March 14, 2023, as additional time will be required to finalise certain information to be included in the circular.

BACKGROUND

Reference is made to the 2019 Announcement, the 2019 Circular, the 2020 Announcement and the 2021 Circular in relation to among others, the Transfer of Copyrights and the Provision of TV Distribution Services under the Existing Agreement.

As the Existing Agreement will expire on March 31, 2023, Alibaba Pictures (Tianjin) entered into the Framework Agreements on February 8, 2023 to renew the existing continuing connected transactions under the Existing Agreement for a term of three years commencing from April 1, 2023 to March 31, 2026 and to set the annual caps for the transactions contemplated thereunder for the three years ending March 31, 2026.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

On February 8, 2023, Alibaba Pictures (Tianjin) and Youku Technology entered into the Framework Agreements to renew the existing continuing connected transactions under the Existing Agreement, the principal terms of which are set out below:

- Date: February 8, 2023
- Parties: (1) Alibaba Pictures (Tianjin)
(2) Youku Technology
- Term: April 1, 2023 and ending on March 31, 2026. The Transfer of Copyrights Framework Agreement is subject to the approval of the Independent Shareholders at the SGM.
- Subject matter: (1) Transfer of Copyrights: The Relevant Group Members may transfer any or all of the Copyrights of any Dramas and Movies (whose copyrights are owned by, or licenced to, the Relevant Group Members) to the Relevant Youku Members, or authorize the Relevant Youku Members to use those rights (the “Transfer of Copyrights”)

- (2) Provision of TV Distribution Services: (i) The Relevant Youku Members may entrust the Relevant Group Members to arrange for transfer, or authorization of the use, of their (and/or their partners') TV Broadcasting Rights in any Dramas and Movies; (ii) the Relevant Group Members may entrust the Relevant Youku Members to arrange for transfer, or authorization of the use, of their (and/or their partners') TV Broadcasting Rights in any Dramas and Movies; and/or (iii) the Relevant Youku Members and the Relevant Group Members may jointly entrust any third party to arrange for transfer, or authorization of the use, of the TV Broadcasting Rights in any Dramas and Movies jointly owned by, or authorised to, them (the "Provision of TV Distribution Services")
- (3) Provision of Commercial Development Services: The Relevant Youku Members may entrust the Relevant Group Members to provide any or all of the solicitation services for scheduled advertisement in relation to any Dramas and Movies to be broadcasted on Youku and commercial development of Dramas and Movies on Youku (the "Provision of Commercial Development Services")
- (4) Provision of Overseas Distribution Services: The Relevant Youku Members and the Relevant Group Members may engage each other to arrange for transfer, or authorization of the use, of their (and/or their partners') Copyrights, including information online dissemination rights, of any Dramas and Movies outside of Mainland China (the "Provision of Overseas Distribution Services")

Pricing basis in respect of the Transfer of Copyrights

Dramas

The Purchase Price for the Dramas shall be determined based on one of the pricing bases below with reference to the type of distribution, the Preliminary Rating and the Post-production Rating of a Drama. If a Drama is exclusively broadcasted on Youku and the Post-production Rating is equal to or higher than the Preliminary Rating, the pricing basis under paragraph (a) of this sub-section below will usually be adopted. If a Drama is not exclusively broadcasted on Youku or the Post-production Rating is lower than the Preliminary Rating, the pricing basis under paragraph (b) of this sub-section below will usually be adopted. For an innovative and experimental Drama, the pricing basis under paragraph (c) of this sub-section below will usually be adopted.

Three pricing bases are set out below:

$$(a) \text{ Purchase Price} = \begin{matrix} \text{actual} \\ \text{production cost} \\ \text{of the Drama} \end{matrix} + \begin{matrix} \text{contingent} \\ \text{premium share} \end{matrix} + \begin{matrix} \text{contingent} \\ \text{allocation share} \end{matrix}$$

where:

- “contingent premium share” shall be no less than 5% of the actual production cost of a Drama and shall be calculated with reference to the quality rating of the Drama to be determined by the Scoring System.

However, given that each Drama has its unique features, as a matter of fact, there is no quantitative formula for determining the contingent premium share based on the rating under the Scoring System. However, the Parties will negotiate on arm’s length and in good faith based on the above factors in order to arrive at a rating agreeable and satisfactory to the Parties. When the rating of a particular Drama under the Scoring System has been discussed and agreed between the Parties, the Parties will then negotiate and agree in good faith the amount of the contingent premium share with reference to such rating, and in general, the higher the overall rating, the greater the contingent premium share will be and vice versa, subject to a minimum of 5% of the actual production cost as set out above; and

- “contingent allocation share” shall be determined after the release of a Drama with reference to various factors, including the total number of broadcasts or the ranking in terms of the popularity, or the annual number of broadcasts of the Drama, on Youku and/or any other criteria, which the Parties may reasonably agree on a case-by-case basis.

As some of the above factors are not generic in nature which highlights the versatility and uniqueness of each Drama, there is no quantitative formula for determining (i) the actual contingent allocation share based on the above factors; or (ii) what factors would apply to a particular Drama for the purposes of determining the contingent allocation share.

Prior to the production of the Drama, the Parties will agree on the factors that would apply to the determination of the contingent allocation share and estimations on the above applicable factors where quantifiable, such as the estimated total number of broadcasts or the estimated ranking. After a particular Drama has been broadcasted, the Parties will collect and analyse the information on the above factors and compare such information with the initial estimations prior to production, and will then negotiate and agree in good faith the amount of the contingent allocation share based on the above factors on a case-by-case basis.

Contingent allocation share will only be paid as part of the Purchase Price if the Parties agree in good faith that those factors on an overall basis are better than the estimations made prior to the production of the Drama. However, as explained above, there is no indicative range or scale of the contingent allocation share based on the above factors.

(b) Purchase Price = fixed price/tiered pricing + contingent allocation share

where:

- “fixed price” shall be determined on a case-by-case basis by the Parties based on the quality rating of a Drama to be determined by the Scoring System and/or comparable prices offered by any independent third party;
- “tiered pricing” instead of a “fixed price” (which is used in case that the quality rating of a Drama cannot be determined by the Scoring System or agreed by the Parties at the time of entering into of a definitive agreement) shall set out the fixed prices of a Drama corresponding to its different quality ratings; and
- “contingent allocation share” shall be determined with reference to the rating of a Drama to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties, and/or the actual quality rating of a Drama to be attained on Youku upon its release, and/or any other criteria to be agreed upon mutual negotiation between the Parties.

As some of the above factors are not generic in nature which highlight the versatility and uniqueness of each Drama, there is no exact quantitative formula for determining (i) the actual contingent allocation share based on the above factors; or (ii) which factors would apply to a particular Drama for the purposes of determining the contingent allocation share.

Contingent allocation share will only be paid as part of the Purchase Price if the Parties agree in good faith that these factors on an overall basis are better than the estimations made prior to the release of a Drama. However, for the reasons explained above, there is no indicative range or scale of the contingent allocation share based on the above factors.

(c) Purchase Price = allocation share of revenue generated from a Drama

where:

- “allocation share of revenue to be generated from a Drama” shall be determined based on the duration of viewing time of members of Youku, and/or the actual advertisement revenue to be generated from a Drama on Youku, and the basis for allocation of revenue published on Youku’s website (<https://om.youku.com/home/detail?openCategory=97>), which is also applicable to independent third parties.

Movies

The Purchase Price for online Movies shall be determined with reference to one of the pricing bases set out in paragraph (a) or paragraph (c) set out in the “Dramas” section above and the Purchase Price for the cinema Movies shall be determined based on the following:

$$\text{Purchase Price} = \text{fixed price/tiered pricing} + \text{contingent allocation share}$$

where:

- “fixed price” (which is used for determining the Purchase Price of a released Movie with the known total box office in the PRC) shall be determined with reference to various factors, including the total box office of the Movie in the PRC, comparable prices from any independent third party on other online platforms and the rating of the Movie to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties on a case-by-case basis; and the higher the number in the above factors, the higher the fixed price will be. For example, in general, the higher the total box office of the Movie in the PRC, the more popular the Movie will be and so the higher the fixed price may be and vice versa;

- “tiered pricing” (which is used for determining the purchase price of a not-yet-released Movie or a Movie which has been released but the final box office has not yet been ascertained) shall be determined with reference to various factors, including the total estimated box office of the Movie in the PRC, comparable prices from any independent third party on other online platforms and the rating of the Movie to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties on a case-by-case basis. The Parties will also discuss and agree in good faith the pre-determined levels of box office and the corresponding tiered price on a case-by-case basis with reference to the above factors; and the higher the number in the above factors, the higher the tiered price will be. For example, in general, if the final box office of the Movie in the PRC exceeds the pre-determined level of box office as set out above, the more popular the Movie will be and so the higher the tiered price will be and vice versa; and
- “contingent allocation share” shall be determined with reference to the quality ranking to be attained on Youku upon the release of a Movie and/or other criteria to be further mutually and reasonably agreed by the Parties on a case-by-case basis similar to the procedures for determining the contingent allocation share for Dramas above.

As some of the above factors are not generic in nature which highlights the versatility and uniqueness of each Movie, there is no quantitative formula for determining (i) the contingent allocation share based on the above factors; or (ii) what factors would apply to a particular Movie for the purposes of determining the contingent allocation share.

Contingent allocation share will only be paid as part of the Purchase Price if the Parties agree in good faith that these factors on an overall basis are better than the estimations made prior to the release of a Movie. However, as explained above, there is no indicative range or scale of the contingent allocation share based on the above factors.

Pricing basis in respect of the Provision of TV Distribution Services by the Group to the Relevant Youku Members

The Relevant Youku Members may entrust the Relevant Group Members to arrange for transfer, or authorization of, the use of their (and/or their partners’) TV Broadcasting Rights in any Dramas and Movies. The pricing policy is set out below:

In respect of the Dramas and Movies (which are produced by the Relevant Group Members and/or their partners):

$$\text{Distribution service fee} = \frac{\text{revenue from distribution of the TV Broadcasting Rights}}{\text{allocation share}} + \text{commission}$$

where:

- “allocation share” shall be determined in a range between 5% and 15% of the revenue to be generated from distribution of the TV Broadcasting Rights and shall be reasonably determined by the Parties having regard to the factors, including the complexity for the Provision of TV Distribution Services, the estimated amount of revenue to be generated from the Provision of TV Distribution Services and the market practice.
- “commission” shall be calculated by a percentage of the net revenue from distribution of the TV Broadcasting Rights (after deducting the allocation share) and such percentage is in a range between 5% and 15% and shall be reasonably determined by the Parties having regard to the factors, including the revenue generated from the distribution of TV Broadcasting Rights and the market practice.

In respect of the Dramas and Movies (which are licensed to the Relevant Youku Members and/or their partners):

$$\text{Distribution service fee} = \frac{\text{revenue from distribution of the TV Broadcasting Rights}}{\text{allocation share}}$$

where:

- “allocation share” shall be determined in a range between 5% and 15% of the revenue to be generated from distribution of the TV Broadcasting Rights and shall be reasonably determined by the Parties having regard to the factors, including the complexity for the Provision of TV Distribution Services, the estimated amount of revenue to be generated from the Provision of TV Distribution Services and the market practice.

For the avoidance of doubt, the Relevant Youku Members shall reimburse the Relevant Group Members for any distribution fee paid by the Relevant Group Members.

Definitive Agreements and Payment Terms

The Relevant Group Members and the Relevant Youku Members may, subject to the annual caps, from time to time enter into definitive agreements to set out the detailed terms of the transactions (including payment terms) contemplated under the Framework Agreements in accordance with the terms of the Framework Agreements. All of the fees chargeable under the Framework Agreements shall be settled on a project basis pursuant to the payment terms set out in those definitive agreements. Payment schedule shall be determined on case-by-case basis with reference to the type and the progress schedule of each project.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The historical transaction amounts and annual caps for the Transfer of Copyrights and the Provision of TV Distribution Services are set out in the table below:

	(RMB' million)					
	For the year ended		For the nine months ended	For the year ending March 31,		
	March 31, 2021	2022	December 31, 2022 <i>(unaudited)</i>	2024	2025	2026
(1) Purchase Price in respect of Transfer of Copyrights to be paid by the Relevant Youku Members to the Group	548.4	792.9	421.0	1,600	1,900	2,200
(2) Total fees in respect of the Provision of TV Distribution Services to be paid by the Relevant Youku Members to the Group	-	-	1.3	30	40	50

Transfer of Copyrights

Annual caps for the Transfer of Copyrights are determined with reference to (i) the historical transaction amounts for the two years ended March 31, 2022 and the nine months ended December 31, 2022 and the expected transaction amounts of at least RMB180 million for the three months ending March 31, 2023; (ii) the expected growth and resume of the entertainment industry in Mainland China; (iii) the expected increase in the number and length of the Dramas for the year ending March 31, 2024 by at least 40% as compared with the year ending March 31, 2023 and the expected increase in the number and length of the Dramas in the two years ending March 31, 2026 due to the continued expansion of the Group's content segment; (iv) the improvement of the Group's production capabilities and the quality of the Dramas and Movies to be produced in the three years ending March 31, 2026, which may increase their market influence and popularity; (v) the development and production pipeline, production budget, investment share and production crew of the Dramas and Movies; and (vi) the estimated box office of the Movies; and (vii) certain buffer of the corresponding maximum transaction amount to accommodate future unexpected increase in the Transfer of Copyrights. The above information is based on the assumptions that the business scale of the Dramas and Movies will grow steadily and is only estimated by the Company for the purpose of arriving at those annual caps, which is subject to change due to market conditions in the PRC and implementation of the relevant business plan of the Group and Youku Technology.

Provision of TV Distribution Services

Annual caps for the Provision of TV Distribution Services by the Group to the Relevant Youku Members are determined with reference to (i) the expected number of the Dramas and Movies to be broadcasted via TV through the Provision of TV Distribution Services for the three years ending March 31, 2026 and the number of television platforms for broadcasting; (ii) the expected allocation share and (in the case of self-produced Dramas and Movies) commission as a result of the revenue to be generated from distribution of the TV Broadcasting Rights; and (iii) certain buffer of the corresponding maximum transaction amount to accommodate future unexpected increase in the Provision of TV Distribution Services. The above information is based on the assumptions that (i) there are no more than three self-produced Dramas, which may be broadcasted through the Provision of TV Distribution Services by the Group to the Relevant Youku Members for each of the three years ending March 31, 2026; and (ii) an expected increase in the amount as a result of the commission. It is subject to change due to market conditions in the PRC and implementation of the relevant business plan of the Group and Youku Technology.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The entering into of the Framework Agreements enables the Group to fully utilize and integrate the resources within Alibaba Group. It will also enable the Group to leverage its unique advantage derived from the entire industry chain and all ecosystems within, thereby unifying upstream and downstream operations, as well as online and offline channels throughout the industry chain with its strengths in relevant data and ecosystems. Furthermore, the Framework Agreements can also enhance the professionalism and exposure of the production team of the Group that can in turn assist the Group in producing high-quality Dramas and Movies throughout the upstream and downstream markets of Dramas and Movies and can increase the market penetration of the Group in the pan-entertainment industry.

The Directors (excluding the independent non-executive Directors, whose view will be given after considering the advice of the Independent Financial Adviser) consider that the transactions contemplated under the Transfer of Copyrights Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Commercial Development and Distribution Services Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Alibaba Holding is the ultimate 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 Youku Technology is an indirect subsidiary of Alibaba Holding, Youku Technology is therefore an associate of Ali CV and thus a connected person of the Company. The transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the Transfer of Copyrights is more than 5%, those transactions are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap for the Provision of TV Distribution Services by the Group to the Relevant Youku Members is more than 0.1% but less than 5%, those transactions are subject to the reporting and announcement requirements, but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the highest annual cap for (i) the Provision of TV Distribution Services by the Relevant Youku Members to the Group; (ii) the Provision of TV Distribution Services by third parties to the Group and the Relevant Youku Members; (iii) the Provision of Commercial Development Services; and (iv) the Provision of Overseas Distribution Services are less than 0.1%, those transactions are fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Liu Zheng is an employee of Alibaba Holding or its subsidiaries, and Mr. Li Jie is currently taking up a management role in a subsidiary of Alibaba Holding, they are deemed or may be perceived to have a material interest in the transactions contemplated under the Framework Agreements. Accordingly, they have abstained from voting on the Board resolutions to approve the transactions contemplated under the Framework Agreements and the annual caps related thereto. Other than those Directors, no other Directors have a material interest in the Framework Agreements and the transactions contemplated thereunder or are required to abstain from voting on the resolutions of the Board approving the same.

The Independent Board Committee has been established to provide recommendation to the Independent Shareholders in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto). Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INFORMATION ON THE PARTIES

The Company and Alibaba Pictures (Tianjin)

The Company is a company incorporated in Bermuda with its Shares listed on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group 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, 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.

Alibaba Pictures (Tianjin), being a company established under the laws of the PRC, is a subsidiary of the Company which is principally engaged in production of broadcasting and TV programmes.

Alibaba Holding and Youku Technology

Alibaba Holding 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's mission is to "make it easy to do business anywhere". Alibaba 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. Its 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 Technology is one of the leading online video platforms in Mainland China and serves as one of Alibaba Group's key businesses in the digital media and entertainment segment. Youku could be watched on computers, televisions and mobile phones and comprises various types of content, including licensed content, jointly-produced content, self-produced content, user-generated content, professional-generated content and live content.

SGM

A SGM will be convened at which ordinary resolutions will be proposed to consider, and if thought fit, approve the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Youku Technology, an associate of Ali CV, is a party to the Transfer of Copyrights Framework Agreement and therefore has a material interest in the transactions contemplated thereunder. Accordingly, Ali CV is required to abstain from voting on the resolutions at the SGM in respect of the transactions contemplated under the Transfer of Copyrights Framework Agreement and the annual caps related thereto. In addition, each of Mr. Fan Luyuan and Mr. Meng Jun is an employee of Alibaba Holding or its subsidiaries and Mr. Li Jie is currently taking up a management role in a subsidiary of Alibaba Holding, each of them will voluntarily abstain from voting on those resolutions at the SGM.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this announcement, no other Shareholder has a material interest in the transactions contemplated under the Transfer of Copyrights Framework Agreement and the annual caps related thereto and therefore no other Shareholder is required to abstain from voting on those resolutions at the SGM.

A circular containing, among other things: (i) details of the transactions contemplated under the Transfer of Copyrights Framework Agreement; (ii) a letter of advice from the Independent Board Committee to the independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders by no later than March 14, 2023, as additional time will be required to finalise certain information to be included in the circular.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“2019 Announcement”	the announcement of the Company dated August 6, 2019 in relation to the transactions contemplated under the Existing Agreement
“2019 Circular”	the circular of the Company dated September 4, 2019 in relation to the transactions contemplated under the Existing Agreement
“2020 Announcement”	the announcement of the Company dated December 1, 2020 in relation to the revision of certain terms and annual caps under the Existing Agreement
“2021 Circular”	the circular of the Company dated January 21, 2021 in relation to the revision of certain terms and annual caps under the Existing Agreement
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and the controlling shareholder of the Company and an indirect wholly-owned subsidiary of Alibaba Holding
“Alibaba Group”	Alibaba Holding and its subsidiaries
“Alibaba Holding”	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), 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 Pictures (Tianjin)”	阿里巴巴影業(天津)有限公司 (Alibaba Pictures (Tianjin) Co., Ltd.*) (formerly known as 華盟(天津)文化投資有限公司 (Huameng (Tianjin) Culture Investment Co., Ltd.*) and 華盟(天津)文化傳媒有限公司 (Huameng (Tianjin) Culture Media Co., Ltd.*)), a company established in the PRC with limited liability and a subsidiary of the Company

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Children’s Shows”	variety shows, TV programmes and dramas for children
“Commercial Development and Distribution Services Framework Agreement”	the framework agreement dated February 8, 2023 entered into between Alibaba Pictures (Tianjin) and Youku Technology in relation to the Provision of Commercial Development Services, the Provision of TV Distribution Services and the Provision of Overseas Distribution Services
“Company”	Alibaba Pictures Group Limited (阿里巴巴影業集團有限公司), 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Copyrights”	copyrights, including rights of publication, authorship, alteration, integrity, reproduction, distribution, rental, exhibition, performance, release, broadcasting, online dissemination, shooting and production, adaption, translation, compiling and other rights to which the copyright owner is entitled to
“Director(s)”	the director(s) of the Company
“Drama(s)”	the TV and online drama(s), programme(s) and related work, excluding the Variety Shows and Children’s Shows
“Existing Agreement”	the framework agreement dated August 6, 2019 entered into between Alibaba Pictures (Tianjin) and Youku Technology in relation to the Transfer of Copyrights, the Provision of Commercial Development Services and the Provision of TV Distribution Services (as amended by the supplemental agreement dated December 1, 2020)

“Framework Agreements”	the Transfer of Copyrights Framework Agreement and the Commercial Development and Distribution Services Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely, Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, to advise the Independent Shareholders on the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto)
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto)
“Independent Shareholders”	Shareholders (other than Ali CV and Mr. Fan Luyuan, Mr. Meng Jun and Mr. Li Jie, each a Director and a Shareholder, for the reasons as set out in the section headed “SGM” of this announcement) who are not required to abstain from voting on the relevant resolution at the SGM to approve the transactions contemplated under the Transfer of Copyrights Framework Agreement and the annual caps related thereto
“IP”	intellectual property
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Movie(s)”	cinema and online movie(s) and related work
“Parties”	the parties to the Framework Agreements
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Post-production Rating”	the rating of a completed Drama, which is determined based on, among other things, the quality of the Drama, the intensity of demand for the Drama on Youku, the popularity of actors and market practice
“PRC” or “China”	the People’s Republic of China
“Preliminary Rating”	the rating of a pre-production Drama, which is determined based on, among other things, the capability of the production crew (including the quality of the previous works of directors and producers and the quality of filming), the intensity of demand for the Drama on Youku, the popularity of actors, market practice and the marketability of the Drama
“Provision of Commercial Development Services”	has the meaning ascribed to it under the section headed “Renewal of Existing Continuing Connected Transactions” of this announcement
“Provision of Overseas Distribution Services”	has the meaning ascribed to it under the section headed “Renewal of Existing Continuing Connected Transactions” of this announcement
“Provision of TV Distribution Services”	has the meaning ascribed to it under the section headed “Renewal of Existing Continuing Connected Transactions” of this announcement
“Purchase Price”	the price for the transfer, or authorization of the use, of the Copyrights of the Dramas and Movies
“Relevant Group Members”	Alibaba Pictures (Tianjin) and/or any of its affiliates
“Relevant Youku Members”	Youku Technology and/or any of its affiliates
“RMB”	Renminbi, the lawful currency of the PRC

“Scoring System”	the scoring system set up by the Relevant Youku Member to assess the Dramas and Movies based on various factors, such as theme of the script, plot, production crew, the quality of shooting and the professional quality of director and actors
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider, and if thought fit, approve the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), or any adjournment thereof
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transfer of Copyrights”	has the meaning ascribed to it under the section headed “Renewal of Existing Continuing Connected Transactions” of this announcement
“Transfer of Copyrights Framework Agreement”	the framework agreement dated February 8, 2023 entered into between Alibaba Pictures (Tianjin) and Youku Technology in relation to the Transfer of Copyrights
“TV”	television
“TV Broadcasting Rights”	the rights to broadcast any dramas on TV stations
“Variety Shows”	any type of variety shows, variety videos, pan-cultural and pan-entertainment programmes
“Youku”	online video platform of the Relevant Youku Member and any other platform(s) which the Relevant Youku Members may designate from time to time

“Youku Technology”

北京優酷科技有限公司 (Beijing Youku Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect subsidiary of Alibaba Holding

“%”

per cent

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

Hong Kong, February 8, 2023

As at the date of this announcement, the Board is comprised of Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun as the executive Directors, Mr. Liu Zheng 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*