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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Alibaba Pictures Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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### RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – TRANSFER OF COPYRIGHTS AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders



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A letter from the Independent Board Committee to the Independent Shareholders is set out on page 17 of this circular. A letter from Opus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 18 to 33 of this circular.

A notice convening the SGM to be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 27, 2023 at 4:00 p.m. is set out on pages 39 to 40 of this circular. Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for the holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

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## DEFINITIONS

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*In this circular (other than the notice of the SGM), unless the context otherwise requires, the following expressions shall have the following meanings:*

“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
“ADS(s)”	American Depositary Shares of Alibaba Holding
“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
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors

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## DEFINITIONS

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“Children’s Shows”	variety shows, TV programmes and dramas for children
“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 among others, the Transfer of Copyrights (as amended by the supplemental agreement dated December 1, 2020)
“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)

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## DEFINITIONS

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“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 “Letter From the Board - SGM” of this circular) 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
“Latest Practicable Date”	February 28, 2023, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Movie(s)”	cinema and online movie(s) and related work
“Parties”	the parties to the Transfer of Copyrights Framework Agreement
“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 by the Relevant Youku Member before or after the release of such Drama, 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 by the Relevant Youku Member 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
“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

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## DEFINITIONS

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“Relevant Youku Members”	Youku Technology and/or any of its affiliates
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s) of Alibaba Holding
“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 directors and actors
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM” or “Special General Meeting”	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)”	the 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 “Letter From the Board - Renewal of Existing Continuing Connected Transactions” of this circular
“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
“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

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## DEFINITIONS

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“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

\* *For identification purposes only*

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LETTER FROM THE BOARD

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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)**

***Executive Directors***

Mr. FAN Luyuan (*Chairman & Chief Executive Officer*)

Mr. LI Jie (*President*)

Mr. MENG Jun (*Chief Financial Officer*)

***Non-executive Director***

Mr. LIU Zheng

***Independent non-executive Directors***

Ms. SONG Lixin

Mr. TONG Xiaomeng

Mr. Johnny CHEN

***Registered Office***

Clarendon House

2 Church Street

Hamilton, Pembroke, HM 11

Bermuda

***Head Office***

Block B, Wangjing

Ali Centre

Building 4, Zone 4, Wangjing East Park

Chaoyang District

Beijing, China

***Principal Place of Business in***

***Hong Kong***

26/F, Tower One

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

March 10, 2023

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS –  
TRANSFER OF COPYRIGHTS  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**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 under the Existing Agreement.

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## LETTER FROM THE BOARD

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Reference is also made to the announcement of the Company dated February 8, 2023 in relation to among others, the Transfer of Copyrights Framework Agreement, entered into to renew the continuing connected transactions in relation to the Transfer of Copyrights 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.

The purpose of this circular is to provide you with, among others, (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 of the SGM.

### RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

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

<b>Date:</b>	February 8, 2023
<b>Parties:</b>	(1) Alibaba Pictures (Tianjin) (2) Youku Technology
<b>Term:</b>	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.
<b>Subject Matter:</b>	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 “ <u>Transfer of Copyrights</u> ”)

### 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 (excluding Variety Shows and Children’s Shows), the pricing basis under paragraph (c) of this sub-section below will usually be adopted.

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## LETTER FROM THE BOARD

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Three pricing bases are set out below:

- (a) Purchase Price = actual production cost + contingent + contingent allocation  
of the Drama premium share share

where:

- (i) “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 both 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

- (ii) “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.

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## LETTER FROM THE BOARD

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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:

- (i) “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;
- (ii) “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 tiered prices of a Drama, which are determined and negotiated on a case-by-case basis by the Parties with reference to various factors to be agreed by the Parties from time to time, including a Drama’s popularity and quality ratings; and
- (iii) “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 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.

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## LETTER FROM THE BOARD

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### *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:

- (i) “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;
- (ii) “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
- (iii) “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.

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## LETTER FROM THE BOARD

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### 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 and the period of time that Copyrights are to be used by the Relevant Youku Members) contemplated under the Transfer of Copyrights Framework Agreement in accordance with the terms of the Transfer of Copyrights Framework Agreement. All of the fees chargeable under the Transfer of Copyrights Framework Agreement 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 are set out in the table below:

*(RMB' million)*

	For the nine months ended			For the year ending March 31,		
	For the year ended March 31, 2021	For the year ended March 31, 2022	December 31, 2022	2024	2025	2026
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

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, brought about by the Group's use of production studios with extensive production experience and continuous investment in developing scriptwriting and production capabilities, 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.

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## LETTER FROM THE BOARD

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### INTERNAL CONTROL MEASURES

Over the past three years, the Group has only entered into agreements with the Relevant Youku Members for the transfer of certain Copyrights of Dramas and Movies, and has not entered into any agreement with independent third parties for the transfer of any such Copyrights, save for one agreement to transfer the Copyrights of a Movie to an independent third party where the purchase price was determined with reference to “tiered pricing” set out in the paragraph headed “Movies” above. Notwithstanding the above, the Company believes there should be no material difference between the pricing arrangements under the Transfer of Copyrights Framework Agreement and those with independent third parties based on the control measures below.

The Company expects that some Dramas and/or Movies will be jointly invested with independent third party investors, and those co-investors may from time to time obtain quotations from other independent online video platforms comparable to Youku Technology in Mainland China. For the Transfer of Copyrights of Dramas and Movies jointly invested with independent third party investors, the Relevant Group Members shall form consensus with those investors on the Purchase Prices before entering into transactions with the Relevant Youku Members. The Company believes that those investors will give their consent to the entering into of transactions under the Transfer of Copyrights Framework Agreement only if the Purchase Prices are good and reasonable as compared with the market prices for the same or similar transactions. Thus, it would ensure the pricing basis is to be in line with the market practice.

In addition, when the pricing basis set out in paragraph (b) set out in the “Drama Section” is adopted (i.e. where comparable prices offered by independent third parties are involved), the Company will review the Purchase Price by comparing them against the prices for comparable cooperation chargeable by the Group to any independent third party; and/or the finance department of the Company will conduct market researches, which may include obtaining the market information on the purchase prices for movies and/or dramas that are sold by other market participants to other independent online video platforms in Mainland China comparable to Youku Technology or to Youku Technology, to ensure that the Purchase Price is in line with the normal market practices and no more favourable to the Relevant Youku Members than those available to any independent third party under the same or similar conditions.

As the other pricing bases set out in this circular are determined with reference to objective standards such as cost and box office, the reasonableness of such pricing bases can be ensured without involving any comparison with independent third parties.

The finance department of the Company will also regularly monitor the actual transactions conducted with the relevant parties and the corresponding fees incurred under the Transfer of Copyrights Framework Agreement and will update such information to the chief financial officer of the Company.

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## **LETTER FROM THE BOARD**

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For the transactions contemplated under the Transfer of Copyrights Framework Agreement, the Audit Committee will conduct annual review on the above control measures and the transactions to ensure that the transactions are entered into through arm's length negotiations and on normal commercial terms, and are carried out pursuant to the Transfer of Copyrights Framework Agreement, the terms of which are fair and reasonable, and are in the interests of the Shareholders as a whole. The auditor of the Company would also conduct an annual review on the annual caps under the Transfer of Copyrights Framework Agreement, and would ensure that the relevant transactions are carried out in accordance with the Transfer of Copyrights Framework Agreement and the pricing bases related thereto. The Company will facilitate the provision of necessary information to the Audit Committee and the auditor for such review. In addition, the Audit Committee will also annually review the Company's internal control system and its effectiveness.

Based on the control measures set out above, the Company considers that: (a) the pricing bases for calculating the Purchase Price pursuant to the Transfer of Copyrights Framework Agreement is determined with reference to objective standards or market prices; and (b) there should be no material difference between the pricing arrangements under the Transfer of Copyrights Framework Agreement and those with independent third parties, thereby ensuring that the Purchase Price chargeable under the Transfer of Copyrights Framework Agreement are on normal commercial terms.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER OF COPYRIGHTS FRAMEWORK AGREEMENT**

The entering into of the Transfer of Copyrights Framework Agreement 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 Transfer of Copyrights Framework Agreement 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.

### **LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, 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 Transfer of Copyrights Framework Agreement 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.

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## LETTER FROM THE BOARD

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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 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 Transfer of Copyrights Framework Agreement. Accordingly, they have abstained from voting on the Board resolutions to approve the transactions contemplated under the Transfer of Copyrights Framework Agreement and the annual caps related thereto. Other than those Directors, no other Directors have a material interest in the Transfer of Copyrights Framework Agreement 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.

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## LETTER FROM THE BOARD

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### **Alibaba Holding and Youku Technology**

Alibaba Holding is a company incorporated in the Cayman Islands with its American depository 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**

The notice of SGM is set out on pages 39 to 40 of this circular. The SGM will be convened at which the ordinary resolution 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. For each of their shareholdings in the Company, please refer to the Appendix to this circular.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, 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.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions to be proposed at the SGM shall be voted by poll. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting if they so wish.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Friday, March 24, 2023. To be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, March 24, 2023.

### RECOMMENDATIONS

The Board (including the independent non-executive Directors) consider that the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

You are advised to read the letter of advice from the Independent Board Committee set out on page 17 of this circular and the letter of advice from the Independent Financial Adviser set out on pages 18 to 33 of this circular before deciding whether or not to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By order of the Board  
**Alibaba Pictures Group Limited**  
**FAN Luyuan**  
*Chairman & Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee to the Independent Shareholders in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).*



### 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)**

March 10, 2023

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – TRANSFER OF COPYRIGHTS**

We refer to the circular issued by the Company dated March 10, 2023 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider and advise you as to whether the terms of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 16 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 18 to 33 of the Circular, which contain its advice in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Having considered the terms of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), the advice given by, and the principal factors and reasons considered by, Opus Capital, we consider that the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**SONG Lixin**  
*Independent  
non-executive Director*

**TONG Xiaomeng**  
*Independent  
non-executive Director*

**Johnny CHEN**  
*Independent  
non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter from Opus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) for the purpose of inclusion in this circular.*



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

March 10, 2023

*To: the Independent Board Committee and the Independent Shareholders of  
Alibaba Pictures Group Limited*

Dear Sir or Madam,

### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – TRANSFER OF COPYRIGHTS**

#### **INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular of the Company dated March 10, 2023 (the "Circular"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

#### **THE TRANSFER OF COPYRIGHTS FRAMEWORK AGREEMENT**

As stated in the Letter from the Board, 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 under the Existing Agreement.

Reference is also made to the announcement of the Company dated February 8, 2023 in relation to among others, the Transfer of Copyrights Framework Agreement, entered into to renew the continuing connected transactions in relation to the Transfer of Copyrights 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.

As at the Latest Practicable Date, 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 Transfer of Copyrights Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 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 Transfer of Copyrights Framework Agreement. Accordingly, they have abstained from voting on the Board resolution to approve the transactions contemplated under the Transfer of Copyrights Framework Agreement and the annual caps related thereto. Other than those Directors, no other Directors have a material interest in the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder or are required to abstain from voting on the resolution of the Board approving the same.

The SGM will be convened at which ordinary resolution 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 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 resolution 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 the resolution at the SGM. For each of their shareholdings in the Company, please refer to the Appendix to the Circular.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, 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 the resolution at the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. SONG Lixin, Mr. TONG Xiaomeng and Mr. Johnny CHEN, has been established by the Company for the purpose of advising the Independent Shareholders as to whether the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the terms of which are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and how to vote on the relevant resolution to be proposed at the SGM to approve the Transfer of Copyrights the transactions contemplated thereunder (including the annual caps related thereto). We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of: (i) AGTech Holdings Limited (stock code: 8279), a listed subsidiary of Alibaba Holding, in respect of certain continuing connected transactions, details of such transactions are set out in its circular dated October 29, 2021; (ii) the Company in respect of certain continuing connected transactions, details of such transactions are set out in its circular dated March 7, 2022; and (iii) Alibaba Health Information Technology Limited (stock code: 241), a listed subsidiary of Alibaba Holding, in respect of certain continuing connected transactions, details of such transaction are set out in its circulars dated March 8, 2021 and March 8, 2022 and its announcement dated February 8, 2023 (collectively, the “Past Appointments”). The Past Appointments are independent of this current appointment.

As at the Latest Practicable Date, save for the aforementioned, we did not have any relationship with, or interest in, the Company, the Group, Alibaba Pictures (Tianjin) and Youku Technology or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, save for item (i) mentioned above, we have not acted as a financial adviser or as an independent financial adviser to the Company. Apart from the normal professional fees paid or payable to us in connection with the Past Appointments and the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, the Group, Alibaba Pictures (Tianjin) and Youku Technology or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst others:

- (i) the Transfer of Copyrights Framework Agreement;
- (ii) the 2019 Announcement and the 2020 Announcement;
- (iii) the 2019 Circular and the 2021 Circular;
- (iv) the interim report of the Company for the six months ended September 30, 2022 (the “Interim Report”);
- (v) the annual report of the Company for the year ended March 31, 2022 (the “Annual Report”); and
- (vi) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “Management”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete and not misleading or deceptive in all material respects at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other matters, the omission of which would make any statement herein misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into consideration, inter alia, the following principal factors and reasons:

#### 1. Information on the parties

##### *The Company*

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)*

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*

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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Youku Technology*

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.

### **2. Reasons for and benefits of the Transfer of Copyrights Framework Agreement**

As stated in the Letter from the Board, the entering into of the Transfer of Copyrights Framework Agreement 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 Transfer of Copyrights Framework Agreement 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.

As noted in the Interim Report, the revenue of the Group increased from approximately RMB1,358.2 million for the six months ended September 30, 2021 to approximately RMB1,828.7 million for the six months ended September 30, 2022, represented an increase of approximately RMB470.5 million or 34.6%. The significant increase in the revenue was mainly attributable to the increase in the revenue from the content segment. The revenue of the content segment increased from approximately RMB561.6 million for the six months ended September 30, 2021 to approximately RMB1,040.1 million for the six months ended September 30, 2022, represented a significant increase of approximately RMB478.5 million or 85.2%.

Content segment is one of the Group's core businesses, mainly comprising content from films, drama series and others. Although the total box office revenue in China decreased by approximately RMB5 billion or 30% year-over-year to approximately RMB11.7 billion for the six months ended September 30, 2022 due to the COVID-19 pandemic, the Group produced, jointly produced and distributed a total of 18 films covering various genres such as comedy, romance, drama series and animation, generating over RMB7 billion in the box office, which accounted for approximately 60% of the box office of all domestic films released for the six months ended September 30, 2022 and achieved growth under the tough business environment as it was benefited from the Group's forward-looking layout in the content industry and steady improvement in its production capabilities. Further, the Group will continue to invest in high-quality content that enhances consumer engagement and create timeless, touching and popular works as stated in the Interim Report.

In view of the above, we consider that the entering into of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Principal terms of the Transfer of Copyrights Framework Agreement

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

**Date:** February 8, 2023

**Parties:** (1) Alibaba Pictures (Tianjin); and

(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:** 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

#### *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 ("Pricing Basis A") 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 ("Pricing Basis B") will usually be adopted. For an innovative and experimental Drama (excluding Variety Shows and Children's Shows), the pricing basis under paragraph (c) of this sub-section below ("Pricing Basis C") will usually be adopted.

Three pricing bases are set out below:

(a) Purchase Price = actual production + contingent premium + contingent allocation  
cost of the Drama share share

where:

(i) "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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 both 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

- (ii) "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)  $\text{Purchase Price} = \text{fixed price/tiered pricing} + \text{contingent allocation share}$

where:

- (i) "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;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) “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 tiered prices of a Drama, which are determined and negotiated on a case-by-case basis by the Parties with reference to various factors to be agreed by the Parties from time to time, including a Drama’s popularity and quality ratings; and
- (iii) “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 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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:

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

where:

- (i) “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;
- (ii) “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
- (iii) “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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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.

### **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 and the period of time that Copyrights are to be used by the Relevant Youku Members) contemplated under the Transfer of Copyrights Framework Agreement in accordance with the terms of the Transfer of Copyrights Framework Agreement. All of the fees chargeable under the Transfer of Copyrights Framework Agreement 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.

It is noted that the pricing basis in respect of the Transfer of Copyrights under the Transfer of Copyrights Framework Agreement largely follows that under the Existing Agreement. For Pricing Basis A, it is noted that it is based on, among others, the actual production cost of the Drama which is considered to be objective. As noted from the Letter from the Board, over the past three years, the Group did not enter into any agreement with independent third parties for the transfer of Copyrights with reference to Pricing Basis A and Pricing Basis B. Alternatively, we obtained the confirmation from the Company that Pricing Basis A (which Youku Technology has adopted) is also applicable to the parties independent of Youku Technology. For Pricing Basis B, we noted that Pricing Basis B makes reference to the rating determined by the Scoring System which has been adopted by the Parties (i.e. Alibaba Pictures (Tianjin) and Youku Technology) and to be agreed upon mutual negotiation between the Parties which is considered reasonable. Further, we obtained the confirmation from the Company that Pricing Basis B (which Youku Technology has adopted) is also applicable to the parties independent of Youku Technology. For Pricing Basis C, the basis for allocation of revenue published on Youku's website (<https://om.youku.com/home/detail?openCategory=97>) is also applicable to independent third parties apart from the Group. For Movies, the pricing basis makes reference to the Scoring System and 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. The quality ranking is considered reasonable, apart from the Scoring System as discussed above, as it will be based on a ranking to be attained upon the release of the Movie has been applied by the Parties and to be agreed upon mutual negotiation between the Parties which is considered reasonable.

Based on the above, we are of the view that the pricing terms in respect of the Transfer of Copyrights Framework Agreement are on normal commercial terms which are no less favourable to the Group than those available to other independent third parties.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**4. Historical transaction amounts, existing annual caps, utilization of existing annual caps and new annual caps**

Set out below are the historical transaction amounts, existing annual caps, utilization of existing annual caps and new annual caps for the Transfer of Copyrights:

**Table 1: Historical transaction amounts, existing annual caps, utilization of existing annual caps and new annual caps for the Transfer of Copyrights**

	<b>For the year ended March 31,</b>		<b>For the nine months ended December 31,</b>
<i>RMB'million</i>	<b>2021</b>	<b>2022</b>	<b>2022</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
<b>Purchase Price in respect of Transfer of Copyrights paid by the Relevant Youku Members to the Group</b>	548.4	792.9	421.0
	<b>For the year ended/ending March 31,</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Existing annual caps in respect of Transfer of Copyrights</b>	800.0	850.0	900.0
<b>Utilization of the existing annual caps</b>	68.6%	93.3%	66.8% <sup>Note</sup>
	<b>For the year ending March 31,</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>New annual caps</b>	1,600	1,900	2,200

*Note:* The utilization of the existing annual caps for the year ending March 31, 2023 is calculated by dividing RMB601.0 million, being the aggregate amount of the historical transaction amounts of RMB421.0 million for the nine months ended December 31, 2022 and the expected transaction amount of RMB180.0 million for the three months ending March 31, 2023 as stated in the Letter from the Board, by the existing annual caps in respect of Transfer of Copyrights for the year ending March 31, 2023 of RMB900.0 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Letter from the Board, the new 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, brought about by the Group's use of production studios with extensive production experience and continuous investment in developing scriptwriting and production capabilities, 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.

### **Our analysis of the new annual caps**

As shown in Table 1, the total revenue from the Transfer of Copyrights amounted to approximately RMB548.4 million, RMB792.9 million and RMB601.0 million for the years ended/ending March 31, 2021, 2022 and 2023 which represented a utilization of approximately 68.6%, 93.3% and 66.8% of the existing annual caps for the years ended/ending March 31, 2021, 2022 and 2023 respectively. It is noted that the exiting annual cap for the year ended March 31, 2022 was almost fully utilized which indicated the need of increasing the existing annual caps for the Transfer of Copyrights.

We have obtained and reviewed the new annual caps estimation (the "Estimation") which includes the information of: (i) the annual business plans of the Group in relation to the development and production pipeline of the Dramas and Movies from 2024 to 2026; (ii) the estimation of the expected number and length of Dramas for each of the years ending March 31, 2023, 2024, 2025 and 2026; and (iv) the estimated amount in respect of the expected transfer of the Movies from 2024 to 2026.

From the review of the Estimation, we noted that the number and length of the Dramas for the year ending March 31, 2024 is expected to increase by at least 40% as compared with the year ending March 31, 2023. We also noted a general increasing trend in the number and length of the Dramas in the two years ending March 31, 2026. As discussed under the section headed "2. Reasons for and benefits of the Transfer of Copyrights Framework Agreement", the revenue of the content segment for the six months ended September 30, 2022 increased by approximately 85.2% and the Group will continue to invest in high-quality content. As such, the increase in the annual caps for the Transfer of Copyrights is in line with the business expansion and development of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Further, as discussed in the above section in relation to the pricing bases of the Transfer of Copyrights, there are pricing bases with the elements of “contingent premium share” which makes reference to the quality rating of the Drama and “contingent allocation share” which makes reference to, among other things, the ranking in terms of the popularity or the rating of a Drama/Movie. As noted from the Interim Report, for the six months ended September 30, 2022, six films produced, jointly produced or distributed by the Group (as the case may be) ranked among the top ten, and three of which ranked the top three, domestic films released during the same period in terms of box office. Further, films invested by the Group won numerous awards in the industry, such as the 35th China Golden Rooster Awards (i.e. one of the prestigious and coveted awards in the industry) for the Best Actor, Best Director, Best Feature Film and Best Art Direction. As such, the anticipation of the improvement of the quality of the Dramas and Movies which may increase their market influence and popularity is considered fair and reasonable. We also noted from the Estimation that a buffer of less than 10% is applied to the new annual caps for the Transfer of Copyrights to accommodate future unexpected increase in the Transfer of Copyrights is, in our view, fair and reasonable.

In light of the above, we consider the new annual caps for the Transfer of Copyrights under the Transfer of Copyrights Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

### **5. Internal control procedures**

As stated in the Letter from the Board, over the past three years, the Group has only entered into agreements with the Relevant Youku Members for the transfer of certain Copyrights of Dramas and Movies, and has not entered into any agreement with independent third parties for the transfer of any such Copyrights, save for one agreement to transfer the Copyrights of a Movie to an independent third party where the purchase price was determined with reference to “tiered pricing” set out in the paragraph headed “Movies” above. Notwithstanding the above, the Company believes there should be no material difference between the pricing arrangements under the Transfer of Copyrights Framework Agreement and those with independent third parties based on the control measures below.

The Company expects that some Dramas and/or Movies will be jointly invested with independent third party investors, and those co-investors may from time to time obtain quotations from other independent online video platforms comparable to Youku Technology in Mainland China. For the Transfer of Copyrights of Dramas and Movies jointly invested with independent third party investors, the Relevant Group Members shall form consensus with those investors on the Purchase Prices before entering into transactions with the Relevant Youku Members. The Company believes that those investors will give their consent to the entering into of transactions under the Transfer of Copyrights Framework Agreement only if the Purchase Prices are good and reasonable as compared with the market prices for the same or similar transactions. Thus, it would ensure the pricing basis is to be in line with the market practice.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, when Pricing Basis B is adopted (i.e. where comparable prices offered by independent third parties are involved), the Company will review the Purchase Price by comparing them against the prices for comparable cooperation chargeable by the Group to any independent third party; and/or the finance department of the Company will conduct market researches, which may include obtaining the market information on the purchase prices for movies and/or dramas that are sold by other market participants to other independent online video platforms in Mainland China comparable to Youku Technology or to Youku Technology, to ensure that the Purchase Price is in line with the normal market practices and no more favourable to the Relevant Youku Members than those available to any independent third party under the same or similar conditions.

As the other pricing bases set out in the Circular are determined with reference to objective standards such as cost and box office, the reasonableness of such pricing bases can be ensured without involving any comparison with independent third parties.

The finance department of the Company will also regularly monitor the actual transactions conducted with the relevant parties and the corresponding fees incurred under the Transfer of Copyrights Framework Agreement and will update such information to the chief financial officer of the Company.

For the transactions contemplated under the Transfer of Copyrights Framework Agreement, the Audit Committee will conduct annual review on the above control measures and the transactions to ensure that the transactions are entered into through arm's length negotiations and on normal commercial terms, and are carried out pursuant to the Transfer of Copyrights Framework Agreement, the terms of which are fair and reasonable, and are in the interests of the Shareholders as a whole. The auditor of the Company would also conduct an annual review on the annual caps under the Transfer of Copyrights Framework Agreement, and would ensure that the relevant transactions are carried out in accordance with the Transfer of Copyrights Framework Agreement and the pricing bases related thereto. The Company will facilitate the provision of necessary information to the Audit Committee and the auditor for such review. In addition, the Audit Committee will also annually review the Company's internal control system and its effectiveness.

We have made reference to the section headed "Connected Transactions" in the Annual Report, and noted that the independent non-executive Directors reviewed, among other things, the continuing connected transactions in relation to the Transfer of Copyrights under the Existing Agreement for the year ended March 31, 2022 and confirmed that the continuing connected transactions in relation to the Transfer of Copyrights under the Existing Agreement were entered into according to the Existing Agreement and on terms that are fair and reasonable. Further, we also noted from the Annual Report that the independent auditor of the Company confirmed that nothing has come to their attention that has caused them to believe that Transfer of Copyrights under the Existing Agreement were not entered into, in all material respects, in accordance with the pricing policies of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For Pricing Basis B involving comparable prices from independent third parties, as advised by the Management, there was no contract entered into which adopted Price Basis B as at the Latest Practicable Date. We noted that when Pricing Basis B is adopted (i.e. where comparable prices offered by independent third parties are involved), the Company will review the Purchase Price by comparing them against the prices for comparable cooperation chargeable by the Group to any independent third party; and/or the finance department of the Company will conduct market researches, which may include obtaining the market information on the purchase prices for movies and/or dramas that are sold by other market participants to other independent online video platforms in Mainland China comparable to Youku Technology or to Youku Technology, to ensure that the Purchase Price is in line with the normal market practices and no more favourable to the Relevant Youku Members than those available to any independent third party under the same or similar conditions. The above internal control measures are considered sufficient as it will involve the comparison with the market comparables.

In view of the above, we consider that the Company has adopted adequate internal control measures.

### OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we considered that: (i) the entering into of the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We, therefore, recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM in relation to the Transfer of Copyrights Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Cheung On Kit Andrew**  
*Executive Director*

*Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Mr. Cheung has over 15 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### Shares and underlying Shares

Name of Director	Nature of interest	Number of Shares (L) held	Number of underlying Shares held		Total number of Shares and underlying Shares	Approximate percentage of Shares in issue (Note 2)
			Share options	Awarded shares		
Mr. FAN Luyuan	Beneficial owner	665,882	11,175,000	9,480,000	21,320,882	0.08%
Mr. LI Jie	Beneficial owner	4,118,336	30,625,000	10,537,500	45,280,836	0.17%
Mr. MENG Jun	Beneficial owner	177,796	2,280,000	2,215,000	4,672,796	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the securities.
- (2) Based on a total of 26,975,740,156 Shares in issue as at the Latest Practicable Date.

## Shares and underlying shares of the associated corporation of the Company – Alibaba Holding

Name of Director	Nature of interest	Number of shares (L)/ underlying share held		Approximate percentage of total issued shares of the associated corporation (Note 3)
		(in the number of ADSs)	(in the number of ordinary shares of Alibaba Holding) (Note 2)	
Mr. FAN Luyuan	Note 4	506,553	4,052,424	0.02%
Mr. LI Jie	Note 5	81,347	650,776	0.00%
Mr. MENG Jun	Note 6	15,490	123,920	0.00%
Mr. LIU Zheng	Note 7	22,382	179,056	0.00%
Mr. TONG Xiaomeng	Note 8	117,647	941,176	0.00%
Mr. Johnny CHEN	Note 9	100	800	0.00%

## Notes:

- (1) The letter “L” denotes the person’s long position in the securities.
- (2) One ADS of Alibaba Holding represents eight ordinary shares of Alibaba Holding and one RSU represents one ADS.
- (3) Based on 20,680,409,344 ordinary shares of Alibaba Holding in issue as at the Latest Practicable Date.
- (4) The interest represents (i) 15,028 ADSs and 22,668 RSUs held by Mr. FAN Luyuan beneficially; and (ii) 468,857 ADSs held by a trust, of which Mr. FAN Luyuan is a founder.
- (5) The interest represents 55,995 ADSs and 25,352 RSUs held by Mr. LI Jie beneficially.
- (6) The interest represents (i) 7,917 ADSs and 5,450 RSUs held by Mr. MENG Jun beneficially; and (ii) 2,123 ADSs held by the spouse of Mr. MENG Jun.
- (7) The interest represents 11,882 ADSs and 10,500 RSUs held by Mr. LIU Zheng beneficially.
- (8) The interest represents 117,647 ADSs held by Mr. TONG Xiaomeng beneficially.
- (9) The interest represents 100 ADSs held by Mr. Johnny CHEN beneficially.

**Shares and underlying shares of the associated corporation of the Company – Cainiao Smart Logistics Network Limited (“Cainiao”)**

Name of Director	Capacity	Number of relevant class of shares (L)/underlying shares held		Approximate percentage of total issued shares capital of the associated corporation (Note 2)
		(class A ordinary shares)	(class B ordinary shares)	
Mr. LIU Zheng	Beneficial owner	5,460,000	6,200,000	0.07%

*Notes:*

- (1) The letter “L” denotes the person’s long position in the securities.
- (2) As at the Latest Practicable Date, the issued share capital of Cainiao was made up of 15,212,555,296 ordinary shares, 478,993,010 class A ordinary shares and 172,724,237 class B ordinary shares.
- (3) Mr. LIU Zheng was interested in 5,460,000 class A ordinary shares and 6,200,000 class B ordinary shares, representing approximately 1.14% and 3.59% of the relevant class of shares of Cainiao in issue respectively as at the Latest Practicable Date.
- (4) As at the Latest Practicable Date, Mr. LIU Zheng was not interested in any other ordinary shares of Cainiao.

Save as disclosed above, to the best knowledge, information and belief of the Company, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors had any interests or short positions in any Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS****(a) Competing interests**

As at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business.

**(b) Interests in assets**

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since March 31, 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**(c) Interests in contracts or arrangements**

Save as disclosed in the Company's connected transactions as disclosed in this circular and its annual report 2021/2022 and its announcements dated April 14, 2022, August 29, 2022, September 29, 2022, respectively, and the related party transactions as disclosed in Note 18 to its unaudited consolidated financial statements for the six months ended September 30, 2022, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

**(d) Service contracts**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation, other than statutory compensation).

**4. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Opus Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Opus Capital has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Opus Capital did not have any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since March 31, 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since March 31, 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

**6. MISCELLANEOUS**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**7. DOCUMENTS ON DISPLAY**

A copy of the Transfer of Copyrights Framework Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.alibabapictures.com](http://www.alibabapictures.com)) from the date of this circular and up to and including the date which is 14 days from the date of this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** the special general meeting (the “SGM”) of Alibaba Pictures Group Limited (the “Company”) will be held at Holiday Inn Express Hong Kong Causeway Bay, Meeting Room I & II, 7/F, 33 Sharp Street East, Causeway Bay, Hong Kong on Monday, March 27, 2023 at 4:00 p.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolution:

### **ORDINARY RESOLUTION**

1. **“THAT:**

- (i) the Transfer of Copyrights Framework Agreement (as defined in the circular of the Company dated March 10, 2023) and the transactions contemplated thereunder, and the proposed annual caps for the three years ending March 31, 2026 be and are hereby approved, confirmed and ratified; and
- (ii) any one director of the Company (the “Director”) (or one Director and the secretary of the Company or any two Directors or such other person or persons (including a Director) as the board of Directors may appoint, in case of execution of documents under seal) be and is hereby authorized to sign, execute and deliver all such documents and to do all such acts or things which he/she/they consider(s) necessary, desirable or expedient to implement, or to give effect to the transactions contemplated under the Transfer of Copyrights Framework Agreement.”

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

Hong Kong, March 10, 2023

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## NOTICE OF SPECIAL GENERAL MEETING

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<i>Registered office:</i>	<i>Head Office:</i>	<i>Principal Place of Business in</i>
Clarendon House	Block B, Wangjing	<i>Hong Kong:</i>
2 Church Street	Ali Centre	26/F, Tower One, Times Square
Hamilton, Pembroke	Building 4, Zone 4, Wangjing East Park	1 Matheson Street
HM 11	Chaoyang District	Causeway Bay
Bermuda	Beijing, China	Hong Kong

*Notes:*

- (1) Any member of the Company entitled to attend, speak and vote at the SGM (or any adjourned meeting) is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company (the “Shares”) may appoint more than one proxy to represent him to attend and vote on his behalf.
- (2) Where there are joint registered holders of any Share, any one of such holders may vote at the SGM (or any adjourned meeting), either personally or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint registered holders are present at the SGM (or any adjourned meeting) personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of the joint holding shall alone be entitled to vote in respect of such Share.
- (3) Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours (excluding any part of a day that is a public holiday in Hong Kong) before the time appointed for the holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjourned meeting if they so wish.
- (4) The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Friday, March 24, 2023. To be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, March 24, 2023.
- (5) All voting by the members at the SGM (or any adjourned meeting) shall be conducted by way of poll.
- (6) References to time and dates in this circular are to Hong Kong time and dates.
- (7) If Typhoon Signal No. 8 or above is hoisted, a Black Rainstorm Warning Signal is in force in Hong Kong or “extreme conditions” resulting from a typhoon or a rainstorm are announced by the Hong Kong Government at, or any time between 1:00 p.m. and 4:00 p.m. on the date of the SGM, the SGM will be adjourned to a later date and/or time as determined by the Company. The Company will post an announcement on the websites of the Company ([www.alibabapictures.com](http://www.alibabapictures.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify the Shareholders of the date, time and place of the adjourned meeting.
- (8) The Chinese translation of this notice is for reference only. In the event of inconsistency, the English version shall prevail.

As at the date of this notice, the Board is comprised of Mr. FAN Luyuan, Mr. LI Jie and Mr. MENG Jun, being the executive Directors; Mr. LIU Zheng, being the non-executive Director; and Ms. SONG Lixin, Mr. TONG Xiaomeng and Mr. Johnny CHEN, being the independent non-executive Directors.