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Alibaba Pictures Group Limited
阿里巴巴影業集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

**GRANT OF AWARDED SHARES
PURSUANT TO SHARE AWARD SCHEME
AND CANCELLATION OF OPTIONS**

GRANT OF AWARDED SHARES AND CANCELLATION OF OPTIONS

The Board announces that on March 31, 2023, the Company granted a total of 42,865,650 Awarded Shares to 50 Selected Employees in accordance with the terms of the Share Award Scheme, of which 8,226,250 Awarded Shares were granted to two Connected Grantees while 34,639,400 Awarded Shares were granted to 48 Non-connected Grantees. All such 42,865,650 Awarded Shares were granted to the Grantees in consideration of cancellation of the Options previously granted to them respectively.

The Grant will not result in any issue of new Shares or any dilution effect on the shareholdings of existing shareholders of the Company.

Upon the Grant and subject to the acceptance by the Grantees, 171,462,600 Options will be cancelled.

GRANT OF AWARDED SHARES

The Board is pleased to announce that, on March 31, 2023, the Company granted a total of 42,865,650 Awarded Shares to the Grantees, in accordance with the terms of the Share Award Scheme, subject to acceptance by the Grantees. All such 42,865,650 Awarded Shares were granted to the relevant Grantees in consideration of cancellation of the Options previously granted to them respectively under the Share Option Scheme and which remained outstanding. Each of the Awarded Shares granted to the Grantees represents the right to receive a Share on the date it vests and the Awarded Shares granted are not subject to performance targets. The Awarded Shares shall vest in five equal batches with the first batch to be vested on April 1, 2023, and with each of the remaining four batches to be vested every six months thereafter, subject to any alteration by the Company as stated in separate grant letter between each of the Grantees and the Company. In the event that any circumstances as specified in the respective grant letter arise, any Awarded Shares granted but unvested will automatically lapse and not be exercisable in respect of the underlying Shares with effect upon the occurrence of the relevant circumstances.

In respect of the Grantees, two of which are Connected Grantees and 48 of which are Non-connected Grantees. Among the total of 42,865,650 Awarded Shares, (i) 7,656,250 Awarded Shares were granted to Mr. Li Jie, an executive Director and thus a Connected Grantee, (ii) 570,000 Awarded Shares were granted to Mr. Meng Jun, an executive Director and thus a Connected Grantee, and (iii) 34,639,400 Awarded Shares were granted to the Non-connected Grantees.

In relation to the 8,226,250 Awarded Shares granted to the two Connected Grantees, the Board shall procure the Trustee to purchase existing Shares from the market out of cash contributed by the Company to be held on trust for the Connected Grantees until those Awarded Shares vest in with the Connected Grantees pursuant to the Share Award Scheme. Based on the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on March 31, 2023 (being the date of the Grant), the market value of the Awarded Shares granted to the Connected Grantees amounts to HK\$4,195,387.50.

The grant of the Awarded Shares to each of the Connected Grantees has been approved by the Board (including but not limited to the independent non-executive Directors), save that each of Mr. Li Jie and Mr. Meng Jun had abstained from voting on the relevant resolutions in respect of the grant of the Awarded Shares to himself. Except for Mr. Li Jie and Mr. Meng Jun, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate of any of them.

The grant of 34,639,400 Awarded Shares to the 48 Non-connected Grantees would be made out of the existing Shares which are currently held under the Trust and managed by the Trustee as part of the trust fund pursuant to the Share Award Scheme. The Trustee will continue to hold the aforesaid Awarded Shares on trust for the Non-connected Grantees and will transfer the respective proportions to each of them at no cost upon vesting and settlement of their respective Awarded Shares.

The Grant will not result in any issue of new Shares or any dilution effect on the shareholdings of existing shareholders of the Company.

LISTING RULES IMPLICATIONS

The Share Award Scheme was adopted before the effective date of the new Chapter 17 of the Listing Rules which became effective on January 1, 2023. The Company will comply with the new Chapter 17 in accordance with the transitional arrangements for its existing share schemes.

Each of the Connected Grantees is an executive Director and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the grant of Awarded Shares to each of the Connected Grantees constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, no new Shares will be allotted and issued upon vesting and settlement of such Awarded Shares granted to the Connected Grantees. As the Awarded Shares were granted to the Connected Grantees pursuant to their respective service contract with the Company and which form part of their respective remuneration package under his service contract, the grant of Awarded Shares to each of the Connected Grantees is exempt from reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and Rule 14A.95 of the Listing Rules.

CANCELLATION OF OPTIONS

The 42,865,650 Awarded Shares were granted to the Grantees in consideration of cancellation of the Options previously granted to them respectively under the Share Option Scheme and which remained outstanding. Therefore, upon the Grant and subject to the acceptance by the Grantees, 171,462,600 Options will be cancelled. The purpose of the aforesaid arrangement is to generally incentivize and motivate the Employees to remain with, and to strive for the future development and expansion of, the Group.

Subject to the aforesaid acceptance of the Awarded Shares, among the total of 171,462,600 Options, (i) 30,625,000 Options previously granted to Mr. Li Jie, an executive Director and thus a Connected Grantee, (ii) 2,280,000 Options previously granted to Mr. Meng Jun, an executive Director and thus a Connected Grantee, and (iii) 138,557,600 Options previously granted to the Non-connected Grantees, will all be cancelled.

DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Associated Entity”	any company in which a Group Company may have a direct or indirect investment in 20% or more of its voting powers and any company which is a controlling shareholder of the Company including subsidiaries of such controlling shareholder
“Awarded Shares”	in respect of a Selected Employee, such number of Shares as awarded by the Board
“Board”	board of Directors
“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 Grantee(s)”	Grantee(s) who are connected person(s) of the Company
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Employee(s)”	any employee(s) (whether full time or part time), consultant, executive or officer, director (including any executive, non-executive and independent non-executive director) of a Group Company or any Associated Entity
“Grant”	the grant of a total of 42,865,650 Awarded Shares
“Grantees”	50 Selected Employees, each of which is an eligible participant under Rule 17.03A of the new Chapter 17 of the Listing Rules
“Group”	the Company and its Subsidiaries from time to time, “member of the Group” means any or a specific one of them, and “Group Company” shall be construed accordingly

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Grantee(s)”	Grantee(s) who are not connected person(s) of the Company
“Options”	share options granted pursuant to the Share Option Scheme
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Share Award Scheme
“Share(s)”	ordinary shares of HK\$0.25 each in the share capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on December 30, 2016
“Share Option Scheme”	the share option scheme adopted by the Company on June 11, 2012
“share scheme(s)”	has the meaning ascribed to it in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trust Deed”	a trust deed dated December 30, 2016 entered into between the Company as settler and the Trustee as trustee (as restated, supplemented and amended from time to time)
“Trustee”	the trustee or trustees for the time being of the trusts declared in the Trust Deed

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

Hong Kong, March 31, 2023

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