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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)

CONTINUING CONNECTED TRANSACTIONS **– PURCHASE FRAMEWORK AGREEMENT**

PURCHASE FRAMEWORK AGREEMENT

The Board announces that on March 31, 2023, Shouquanbao and Alipay (Hangzhou) entered into the Purchase Framework Agreement for a term commencing from April 1, 2023 and ending on March 31, 2026. Pursuant to the Purchase Framework Agreement, the Relevant Alipay Members may, subject to annual caps, purchase the Products from the Relevant Group Members.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Alibaba Holding is the ultimate shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.0007% of the issued share capital of the Company and Ant Group is indirectly held by Alibaba Holding as to more than 30% of its equity interest and Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Group. Therefore, Alipay (Hangzhou) is an associate of Ali CV and thus a connected person of the Company. The transactions contemplated under the Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios calculated with reference to the highest annual cap for the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, those transactions are subject to the reporting and announcement requirements, but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PURCHASE FRAMEWORK AGREEMENT

Date: March 31, 2023

Parties: (1) Shouquanbao
(2) Alipay (Hangzhou)

Term: April 1, 2023 and ending on March 31, 2026

Subject matter and pricing basis

The Relevant Alipay Members may purchase derivative commodities and any other products (the “Products”) from the Relevant Group Members. The purchase price of the Products shall be determined based on one of the pricing bases below:

- (1) the face value, or the prevailing market rates, of the Products (after deducting any amount payable directly by the partners or customers of the Relevant Alipay Members to the Group), with reference to, among others, the purchase volume. For the avoidance of doubt, the prevailing market rates refer to the price offered to, or by, independent third parties; or
- (2) the Group’s cost to acquire, produce and/or sell the Products plus a mark-up (ranging from 1% to 50%) thereof, to be determined with reference to, among others, the gross profit margin of the product type, order size, availability, popularity and brand influence.

Definitive agreements and payment terms

The Relevant Group Members and the Relevant Alipay Members may, subject to annual caps, from time to time enter into definitive agreements which set out the detailed terms (including payment terms and settlement method) of the transactions contemplated under the Purchase Framework Agreement. The terms of the definitive agreements will be negotiated on an arm’s length basis between the parties.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

Annual caps for the Purchase for the three years ending on March 31, 2026 are RMB30 million, RMB33 million and RMB36 million, respectively, and are determined with reference to (i) the expected growth and resume of the entertainment industry in Mainland China; (ii) the expected demand for the Group's Products from the Relevant Alipay Members for the three years ending March 31, 2026; (iii) development and business plans of the Relevant Alipay Members; and (iv) certain percentage buffer to accommodate future unexpected demand for the Products.

The above information is based on the assumptions that the demand for the Products 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 Relevant Alipay Members.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE FRAMEWORK AGREEMENT

Alipay's large user base could bring increasing demands for the Products, which in turn facilitate the Group's growth; whereas Alipay can provide its users with choices of products, promoting a win-win situation for both parties.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Purchase Framework Agreement (and the annual caps related thereto) are on normal commercial terms and in the ordinary course of the business of the Group, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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As one or more applicable percentage ratios calculated with reference to the highest annual cap for the transactions contemplated under the Purchase Framework Agreement are more than 0.1% but less than 5%, those transactions are subject to the reporting and announcement requirements, but exempt from the 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 Purchase Framework Agreement. Accordingly, they have abstained from voting on the resolutions passed by the Board to approve the transactions under the Purchase Framework Agreement (including the annual caps related thereto). Other than those Directors, no other Directors have a material interest in the Purchase Framework Agreement and the transactions contemplated thereunder or are required to abstain from voting on the resolutions of the Board approving the same.

INFORMATION ABOUT THE PARTIES

The Company and Shouquanbao

The Company was incorporated in Bermuda and the Shares are 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 series, both domestically and internationally; (ii) digitalization in the entertainment sector, including platform ticketing, digital intelligence business and other technology products; and (iii) centered around content IP, provision of professional services such as IP development and operation, and production and distribution of IP derivatives, respectively.

Shouquanbao, being a limited liability company established under the laws of the PRC and a consolidated entity of the Company, is principally engaged in provision of advertising services, sales of entertainment-related merchandise and derivative commodities and operations of the Alifish Platform.

Alibaba Holding, Alipay (Hangzhou) and Ant Group

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.

Alipay (Hangzhou), being a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Ant Group, operates Alipay app.

Ant Group and together with its ecosystem partners is engaged in businesses that provide inclusive, convenient digital life and digital financial services to consumers and small and medium-sized enterprises, and introduce new technologies and products to support the digital transformation and industrial collaboration worldwide. As at the date of this announcement, Hangzhou Junhan and Hangzhou Junao hold approximately 31.04% and 22.42% (together approximately 53.46%) of Ant Group's total issued shares, respectively. Hangzhou Yunbo is the executive partner and general partner of, and controls, Hangzhou Junhan and Hangzhou Junao. Mr. Jack Ma holds a 34% equity interest in Hangzhou Yunbo and each of Mr. Eric Jing, Mr. Simon Hu and Ms. Fang Jiang holds a 22% equity interest in Hangzhou Yunbo. The remaining 46.54% issued shares in Ant Group is held as to 32.65% by Hangzhou Alibaba Network, an indirect wholly-owned subsidiary of Alibaba Holding, and as to 13.89% by other minority shareholders, each of which holds less than 3% issued shares in Ant Group.

Pursuant to certain agreements entered into in January 2023, there will be changes to the voting structure of Ant Group's major shareholders upon completion of such agreements, and as a result, no direct or indirect shareholder of Ant Group, alone or jointly with other parties, will have control over Ant Group. As at the date of this announcement, completion of such agreements has not taken place and is subject to approval of or filing with relevant government authorities.

DEFINITIONS

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

“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)
“Alifish Platform”	an IP trading platform of Alibaba Group, whose exclusive operation rights were granted to Shouquanbao on January 15, 2021 for a term of three years
“Alipay (Hangzhou)”	支付寶(杭州)信息技術有限公司 (Alipay (Hangzhou) Information Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ant Group
“Ant Group”	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司), a joint stock company established under the laws of the PRC with limited liability and an associate of Alibaba Holding
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Alibaba Network”	杭州阿里巴巴網絡科技有限公司 (Hangzhou Alibaba Network Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“Hangzhou Junao”	杭州君澳股權投資合夥企業(有限合夥) (Hangzhou Junao Equity Investment Partnership (Limited Partnership)*), a limited liability partnership established under the laws of the PRC
“Hangzhou Junhan”	杭州君瀚股權投資合夥企業(有限合夥) (Hangzhou Junhan Equity Investment Partnership (Limited Partnership)*), a limited liability partnership established under the laws of the PRC
“Hangzhou Yunbo”	杭州雲鉞投資諮詢有限公司 (Hangzhou Yunbo Investment Consulting Co., Ltd.*), a company established under the laws of the PRC with limited liability
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“PRC” or “China” or “Mainland China”	the People’s Republic of China
“Products”	has the meaning ascribed to it under the section headed “Purchase Framework Agreement – Subject matter and pricing basis” in this announcement
“Purchase”	the purchase by the Relevant Alipay Members of the Products from the Relevant Group Members
“Purchase Framework Agreement”	the framework agreement dated March 31, 2023 entered into between Shouquanbao and Alipay (Hangzhou) relating to the Purchase
“Relevant Alipay Members”	Alipay (Hangzhou) and/or any of its affiliates
“Relevant Group Members”	Shouquanbao and/or any of its affiliates
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Shouquanbao”	阿里巴巴授權寶(天津)文化傳播有限公司 (Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated entity of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order 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 is comprised of Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun as the executive Directors, Mr. Liu Zheng as the non-executive Director and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen as the independent non-executive Directors.

* *For identification purposes only*