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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)**

**GRANT OF AWARDED SHARES**  
**AND**  
**ISSUE OF NEW SHARES UNDER GENERAL MANDATE**  
**PURSUANT TO SHARE AWARD SCHEME**

**GRANT OF AWARDED SHARES**

The Board announces that on June 12, 2023, the Company granted a total of 231,991,350 Awarded Shares to 556 Selected Employees in accordance with the terms of the Share Award Scheme, of which 25,571,250 Awarded Shares were granted to four Connected Grantees while 206,420,100 Awarded Shares were granted to 552 Non-connected Grantees. All such 231,991,350 Awarded Shares were granted at nil consideration.

The grant of Awarded Shares to the Connected Grantees will not result in any issue of new Shares or any dilution effect on the shareholdings of existing shareholders of the Company.

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

New Shares shall be allotted and issued pursuant to the 2022 General Mandate to the Trustee at nominal value pursuant to the terms of the Share Award Scheme in order to satisfy the Awarded Shares granted to the Non-connected Grantees.

## **GRANT OF AWARDED SHARES TO CONNECTED GRANTEEES**

The Board announces that, on June 12, 2023, the Company granted a total of 25,571,250 Awarded Shares to four Connected Grantees, in accordance with the terms of the Share Award Scheme, subject to acceptance by the Connected Grantees. All such 25,571,250 Awarded Shares were granted to the Connected Grantees at nil consideration. Each of the Awarded Shares granted to the Connected Grantees represents the right to receive a Share on the date it vests and the Awarded Shares granted are not subject to performance targets.

Among the total of 25,571,250 Awarded Shares granted to the Connected Grantees, (i) 8,000,000 Awarded Shares were granted to Mr. Fan Luyuan, an executive Director and the chairman and chief executive officer of the Company; (ii) 10,000,000 Awarded Shares were granted to Mr. Li Jie, an executive Director; (iii) 3,071,250 Awarded Shares were granted to Mr. Meng Jun, an executive Director; and (iv) 4,500,000 Awarded Shares were granted to a director of a subsidiary of the Company.

The Awarded Shares granted to Mr. Fan Luyuan shall vest in six equal batches with the first batch to vest on April 1, 2024, and with each of the remaining five batches to vest every year thereafter. The Awarded Shares granted to Mr. Li Jie, Mr. Meng Jun and a director of a subsidiary of the Company shall vest in four equal batches with the first batch to vest on April 1, 2024, and with each of the remaining three batches to vest every year thereafter. The vesting condition of the Awarded Shares to the four Connected Grantees shall be subject to any alteration by the Company as stated in a separate grant letter between each of the Connected Grantees and the Company. In the event that any circumstances as specified in the respective grant letter arise, any Awarded Shares granted to the Connected Grantees 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 relation to the 25,571,250 Awarded Shares granted to the four 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 the Connected Grantees pursuant to the Share Award Scheme. Based on the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on June 12, 2023 (being the date of the grant of the Awarded Shares to the Connected Grantees), the market value of the Awarded Shares granted to the Connected Grantees amounts to HK\$10,484,212.50.

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. Fan Luyuan, 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. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, none of the Connected Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate of any of them as at the date of this announcement.

The grant of the Awarded Shares to the Connected Grantees will not result in any issue of new Shares or any dilution effect on the shareholdings of existing shareholders of the Company.

### **GRANT OF AWARDED SHARES TO NON-CONNECTED GRANTEEES**

The Board announces that, on June 12, 2023, the Company granted a total of 206,420,100 Awarded Shares to 552 Non-connected Grantees, in accordance with the terms of the Share Award Scheme, subject to acceptance by the Non-connected Grantees. Each of the Awarded Shares granted to the Non-connected Grantees represents the right to receive a Share on the date it vests.

The grant of the Awarded Shares to each of the Non-connected Grantees has been approved by the Board (including but not limited to the independent non-executive Directors). None of the 552 Non-connected Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate of any of them, or otherwise a connected person of the Company as at the date of this announcement.

The details of the grant of Awarded Shares to the Non-connected Grantees are set out below:

Date of grant:	June 12, 2023
Number of Non-connected Grantees:	552 employees of the Group and Associated Entities
Number of Awarded Shares granted:	206,420,100 Awarded Shares
Purchase Price of the Awarded Shares granted:	Nil
Closing price of the Shares on the date of grant:	HK\$0.41

Vesting period:

The Awarded Shares granted to the Non-connected Grantees shall vest in four equal batches with the first batch to vest on April 1, 2024, and with each of the remaining three batches to vest every year thereafter, subject to any alteration by the Company as stated in a separate grant letter between each of the Non-connected Grantees and the Company.

In the event that any circumstances as specified in the respective grant letter arise, any Awarded Shares granted to the Non-connected Grantees but unvested will automatically lapse and not be exercisable in respect of the underlying Shares with effect upon the occurrence of the relevant circumstances.

Under the Share Award Scheme, there is no specific requirement on the length of the vesting period. The Awarded Shares granted to the Non-connected Grantees will vest in several batches, with a total vesting period of more than 12 months. Due to administrative reasons, the period between the date of grant and the first vesting date is less than 12 months to reflect the time from which the Awarded Shares would have been granted.

Performance targets:

The Awarded Shares granted to the Non-connected Grantees are not subject to any performance targets.

Clawback mechanism:

Any Awarded Shares granted to a Non-connected Grantee will be automatically cancelled when the Board in its sole discretion determines that:

- (a) the Non-connected Grantee ceases to be an employee of a Group Company or an Associated Entity for any of the following reasons:
  - (i) any commission of an act of theft, embezzlement, fraud, dishonesty, serious misconduct, ethical breach or other similar acts, or commission of a felony or a lesser crime involving moral turpitude as determined by the Board in its sole discretion, whether or not in connection with his employment or engagement by any member of the Group or Associated Entity and whether or not it has resulted in his employment or engagement being terminated;

- (ii) any conviction of any criminal offence or any offence under or any breach of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time;
- (iii) any material breach of any agreement or understanding between the Non-connected Grantee and a Group Company as determined by the Board in its sole discretion including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement;
- (iv) any material misrepresentation or omission of any material fact as determined by the Board in its sole discretion in connection with the Non-connected Grantee's employment with any Group Company;
- (v) any material failure to perform the customary duties as a Non-connected Grantee, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of any Group Company as determined by the Board in its sole discretion; or
- (vi) any conduct that is materially adverse to the name, reputation or interests of the Group as determined by the Board in its sole discretion;

- (b) the Non-connected Grantee, during his term of employment or within twelve (12) months of termination of employment with a Group Company or an Associated Entity (in each case as determined by the Board):
  - (i) directly or indirectly, establishes, incorporates, forms, enters into, or participates in the business as an owner, partner, principal or shareholder or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor;
  - (ii) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enters the employ of, continue any employment with or render any services to or for, any Competitor; or
  - (iii) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor;
- (c) the Non-connected Grantee has committed act(s) or omission(s) (as determined by the Board in its sole discretion) that have caused material losses to any Group Company due to the Non-connected Grantee's failure to fully perform his or her management duties; or
- (d) the Non-connected Grantee has violated the confidentiality obligation(s) under any grant notice.

Financial assistance:

None of the members of the Group has provided any financial assistance to the Non-connected Grantees to facilitate the purchase of Shares under the Share Award Scheme.

## **ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE SHARE AWARD SCHEME**

In relation to the 206,420,100 Awarded Shares granted to the Non-connected Grantees, new Shares shall be allotted and issued, pursuant to the 2022 General Mandate, to the Trustee at nominal value pursuant to the terms of the Share Award Scheme. Pursuant to the 2022 General Mandate, the Company can issue and allot a maximum number of 5,395,148,031 Shares (being 20% of the total issued Shares as at the date of the 2022 AGM). Except for such proposed issue of 206,420,100 new Shares, no other new Shares have been previously issued or allotted under the 2022 General Mandate.

Pursuant to the rules of the Share Award Scheme, the maximum aggregate number of Shares which can be held by the Trustee at any single point in time shall not exceed 2% of the total issued share capital of the Company from time to time. The Board shall not make any further award which will result in the aggregate number of Shares held by the Trustee to be in excess of 2% of the issued share capital of the Company from time to time. As at the date of this announcement, the number of Shares available for future grant after the grant of the Awarded Shares to the Grantees is 27,286,775.

As at the date of this announcement, the Trustee is a third party independent of the Company and its connected persons. The Board shall cause to be paid the subscription money of HK\$51,605,025.00 for the 206,420,100 new Shares from the Company's internal resources to the Trustee. Upon the allotment of the 206,420,100 new Shares, the Trustee will hold the said new 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 issue of new Shares to satisfy the 206,420,100 Awarded Shares represents (i) approximately 0.77% of the total issued Shares as at the date of this announcement; and (ii) approximately 0.76% of the total issued Shares as enlarged by such allotment and issue.

No new funds will be raised as a result of the aforesaid allotment and issue. The Company has not engaged in any fund-raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement. The new Shares, when issued and fully paid, will rank pari passu among themselves and with the other Shares in issue. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of such Shares held by it under trust.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 206,420,100 new Shares to be allotted and issued.

## **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.

Among the Connected Grantees, each of Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun is an executive Director, and the remaining Connected Grantee is a director of a subsidiary of the Company. Therefore, each of the Connected Grantees is 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 Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

## **DEFINITIONS**

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

“2022 AGM”	the annual general meeting of the Company held on August 26, 2022
“2022 General Mandate”	the general mandate granted by the Shareholders at the 2022 AGM
“associate(s)”	has the meaning ascribed to it under 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)
“Competitor”	any business that is engaged in or is about to become engaged in any activity of any nature that as determined by the Board in its sole discretion competes with a product, process, technique, procedure, device or service of any Group Company
“Connected Grantee(s)”	Grantee(s) who are connected person(s) of the Company
“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
“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
“Grantee(s)”	556 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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Share Award Scheme
“Share(s)”	ordinary share(s) 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 (as amended from time to time)
“share scheme(s)”	has the meaning ascribed to it in the Listing Rules
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Trust”	the trust constituted by the Trust Deed
“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 Trust
“%”	per cent

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

Hong Kong, June 12, 2023

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