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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 – COOPERATION FRAMEWORK AGREEMENT RELATING TO LIVE EVENT MANAGEMENT SERVICES AND ARTIST-RELATED SERVICES

COOPERATION FRAMEWORK AGREEMENT

The Board announces that on August 29, 2022, Cool Young, a consolidated subsidiary of the Company, entered into the Cooperation Framework Agreement with Alipay (Hangzhou) for a term commencing from August 29, 2022 and ending on December 31, 2023. Pursuant to the Cooperation Framework Agreement, the Relevant Group Members may, subject to the annual caps, enter into specific agreements with the Relevant Ant Members in respect of the provision of Live Event Management Services and Artist-related Services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Alibaba Holding is the ultimate shareholder of Ali CV, which is the controlling shareholder and a connected person of the Company holding approximately 50.0007% of the issued share capital of the Company. As Ant Group is indirectly held by Alibaba Holding as to 33% of its equity interest and Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Group, Alipay (Hangzhou) is therefore an associate of Ali CV and thus a connected person of the Company. The transactions contemplated under the Cooperation 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 annual cap of the Cooperation Framework Agreement are more than 0.1% but less than 5%, the entering into of the Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE COOPERATION FRAMEWORK AGREEMENT

Date: August 29, 2022

Parties: (1) Cool Young, a consolidated subsidiary of the Company
(2) Alipay (Hangzhou), a wholly-owned subsidiary of Ant Group and a connected person of the Company

Term: August 29, 2022 to December 31, 2023

Subject matter and pricing basis

The Relevant Group Members may provide the Relevant Ant Members with Live Event Management Services and Artist-related Services.

The service fees payable by the Relevant Ant Members to the Relevant Group Members for Live Event Management Services shall comprise (i) the actual costs incurred by the Relevant Group Members for the provision of Live Event Management Services; and (ii) a surcharge of 1% to 30% of the actual costs, to be reasonably determined with reference to, among others, difficulty and complexity involved, work scope, number of suppliers, term and service quality.

The service fees payable by the Relevant Ant Members to the Relevant Group Members for Artist-related Services shall be negotiated on an arm's length basis with reference to (i) the popularity of an artist which is calculated based on the criteria established by Relevant Group Members; (ii) the prevailing market rates of fees charged by artists of similar calibre to attend similar functions; and (iii) the quality, duration and impact of the event.

The service fees payable under the Cooperation Framework Agreement are no less favourable than those that will be charged to any independent third parties by the Group under the same or similar conditions.

Payment terms and specific agreements

The Relevant Group Members and the Relevant Ant Members may, subject to the annual caps, from time to time enter into specific agreements to set out the detailed terms (including payment terms) of the transactions contemplated under the Cooperation Framework Agreement. The terms of the specific agreements will be negotiated on an arm's length basis between the parties.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The annual caps for the service fees under the Cooperation Framework Agreement for the financial year ending March 31, 2023 and the nine months ending December 31, 2023 are fixed at RMB30,000,000 and RMB22,000,000, respectively, and are determined with reference to (i) the need of the Relevant Ant Members for similar services in the past three years; (ii) the number, quality and popularity of the artists available at the Relevant Group Members; (iii) the market values of those artists and their volatility; and (iv) the Relevant Ant Members' and the Group's business plans and the expected increase in the demand for Live Event Management Services and Artist-related Services during the term of the Cooperation Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

The Company considers that the entering into of the Cooperation Framework Agreement could provide artists of the Relevant Group Members with more performance opportunities, thereby helping those artists improve their skills and benefit from the media coverage. As a result, those artists could create more value for the Group and the cooperation could serve as another revenue source of the Group. In addition, it also enables the Relevant Ant Members to promote their products or services by leveraging (i) the Group's capacities in the event management; (ii) the popularity and influence of the Group's artists; (iii) the Group's extensive knowledge and experience in the live performance industry; and (iv) the Group's extensive networks with different suppliers and stakeholders in the industry.

In light of the above, the Directors (including the independent non-executive Directors) consider that the transactions under the Cooperation Framework Agreement will be conducted in the ordinary and usual course of business of the Group, and that the terms of the Cooperation Framework Agreement have been negotiated on arm's length basis, on normal commercial terms, and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

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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 transactions under the Cooperation Framework Agreement. Accordingly, they abstained from voting on the resolutions passed by the Board to approve the transactions under the Cooperation Framework Agreement and the annual caps. Other than those Directors, no other Directors have a material interest in the Cooperation 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 Group and Cool Young

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.

Cool Young, being a company established under the laws of the PRC and a consolidated subsidiary of the Company, is principally engaged in talent agency services and production of broadcasting and television programs and exhibition.

Alipay (Hangzhou) and Ant Group

Alipay (Hangzhou) is a limited liability company established under the laws of PRC and is principally engaged in development of information technology and provision of network information services. Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Group.

Ant Group traces its roots back to Alipay, which was established in 2004. Today, it is one of the leading internet open platforms. Through technological innovation, it supports its partners to enable inclusive, convenient digital life and digital financial services for consumers and SMEs (small and micro-sized enterprises). It has also continuously opened up its technology products and services to support the digital transformation of businesses and facilitate digital collaboration across industries and geographies. Its collaboration with global partners helps merchants better connect with consumers around the world.

As at the date of this announcement, Junhan and Junao together hold more than 50% of Ant Group's total issued shares. Yunbo is the executive partner and general partner of, and controls, Junhan and Junao. Mr. Ma Yun holds a 34% equity interest in Yunbo and each of Mr. Jing Eric Xiandong, Mr. Hu Simon Xiaoming and Ms. Jiang Fang holds a 22% equity interest in Yunbo. Pursuant to a concert party agreement entered into between them and the articles of association of Yunbo, Mr. Ma Yun has ultimate control over Ant Group.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

- “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 Holding”** Alibaba Group Holding Limited, 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)
- “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 company established under the laws of the PRC with limited liability and an associate of Alibaba Holding
- “Artist-related Services”** performance, commercial and non-commercial business activities, endorsement advertising activities, development of derivatives and personal brands, management of personal interests and any other matters relating to the entertainment career of the Relevant Group Members' artists

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| “associate” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the 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 |
| “Cool Young” | 酷漾文化傳播有限公司 (Cool Young Culture Communication Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated subsidiary of the Company |
| “Cooperation Framework Agreement” | the cooperation framework agreement dated August 29, 2022 entered into between Cool Young and Alipay (Hangzhou) in respect of the provision of Live Event Management Services and Artist-related Services |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IP” | intellectual property |
| “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 incorporated under the laws of the PRC |
| “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 incorporated under the laws of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |

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| “Live Event Management Services” | any services pertaining to the execution of any in-person live events and online live events, including organization, production, management, marketing, design, choreographic, recording and related services |
| “percentage ratio(s)” | has the meaning ascribed to it under the Listing Rules |
| “PRC” | the People’s Republic of China |
| “Relevant Ant Members” | Alipay (Hangzhou) and/or any of its affiliates |
| “Relevant Group Members” | Cool Young 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 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “%” | per cent |

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

Hong Kong, August 29, 2022

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

* *For identification purposes only*