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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)**

**REVISION OF ANNUAL CAP FOR  
CONTINUING CONNECTED TRANSACTIONS  
AND  
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

References are made to the 2022 Announcement and the 2023 Announcement, respectively, in relation to the existing continuing connected transactions contemplated under the EBC Cost Reimbursement Framework Agreement.

Based on the information currently available to the Board, the Board anticipates that the Original Annual Cap will not be sufficient to meet the business needs. Accordingly, on November 13, 2023, the Board proposed to revise the Original Annual Cap from RMB6 million to RMB10 million.

**RENEWED FRAMEWORK AGREEMENT**

The Board announces that, on November 13, 2023, Beijing Alibaba Pictures, a consolidated subsidiary of the Company, entered into the Renewed Framework Agreement with Youku Information, a consolidated entity of Alibaba Holding. Pursuant to the Renewed Framework Agreement, Beijing Alibaba Pictures (for itself and as agent for and on behalf of its clients) may enter into specific marketing agreements with Youku Information to procure the Services from Youku Information at agreed discount rates, subject to the relevant annual caps.

## **LISTING RULES IMPLICATIONS**

Youku Information is a consolidated entity of Alibaba Holding. Alibaba Holding is the ultimate sole 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 at the date of this announcement. Accordingly, each of Alibaba Holding and Youku Information is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company has to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

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 of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of (i) the Revised Annual Cap for the transactions contemplated under the EBC Cost Reimbursement Framework Agreement and (ii) the highest annual cap for the transactions contemplated under the Renewed Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS**

References are made to the 2022 Announcement and the 2023 Announcement, respectively, in relation to the existing continuing connected transactions contemplated under the EBC Cost Reimbursement Framework Agreement.

On September 29, 2022, the Company and Alibaba Holding entered into the EBC Cost Reimbursement Framework Agreement with an initial term ending on March 31, 2023 (which upon expiration of such initial term, is automatically renewed for a successive period of one year subject to compliance with the requirements of the Listing Rules).

Pursuant to the EBC Cost Reimbursement Framework Agreement, Alibaba Holding may allocate to the Company, and the Company may allocate to Alibaba Holding, the EBC costs associated with the relevant unvested awards held by any grantees (whose employment is transferred to the Group or the AGH Entities, as the case may be) and each party may reimburse the other party the amount in respect of the relevant vested awards (the “EBC Cost Reimbursement”).

As the initial term expired on March 31, 2023, on April 1, 2023, the Board re-complied with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions and renewed the EBC Cost Reimbursement Framework Agreement for one year commenced from April 1, 2023 and ending on March 31, 2024 in accordance with the terms of such agreement.

Based on the information currently available to the Board, the Board anticipates that the existing annual cap in respect of the transaction amount associated with the Group Awards under the EBC Cost Reimbursement Framework Agreement for the financial year ending March 31, 2024 (the “Original Annual Cap”) will not be sufficient to meet the business needs. Accordingly, on November 13, 2023, the Board proposed to revise the Original Annual Cap from RMB6 million to RMB10 million (the “Revised Annual Cap”).

Save for the revision of the Original Annual Cap, the pricing policy and other terms of the EBC Cost Reimbursement Framework Agreement remain unchanged.

Details of the terms of the EBC Cost Reimbursement Framework Agreement are set out in the 2022 Announcement and the 2023 Announcement, respectively.

The Revised Annual Cap is determined after taking into account (i) the unaudited historical transaction amount associated with the Group Awards of approximately RMB5 million for the seven months ended October 31, 2023 (representing approximately 83% of the Original Annual Cap); (ii) an increase in the number of grantees transferred from the Group to the AGH Entities; (iii) the number of grantees expected to be transferred from the Group to the AGH Entities; and (iv) the total number and the fair market value of the relevant Group Awards. As at the date of this announcement, the Original Annual Cap has not been exceeded.

The Directors (including the independent non-executive Directors) consider that although the transactions contemplated under the EBC Cost Reimbursement Framework Agreement are not in the ordinary course of business of the Group, the transactions thereunder (including the Revised Annual Cap) 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 as a whole.

## **RENEWED FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated March 27, 2020, relating to, among others, the entering into of the 2020 Framework Agreement.

The Board announces that, on November 13, 2023, Beijing Alibaba Pictures, a consolidated subsidiary of the Company, entered into the Renewed Framework Agreement with Youku Information, a consolidated entity of Alibaba Holding. Pursuant to the Renewed Framework Agreement, Beijing Alibaba Pictures (for itself and as agent for and on behalf of its clients) may enter into specific marketing agreements with Youku Information and/or its affiliates to procure the Services from Youku Information and/or its affiliates at agreed discount rates, subject to the relevant annual caps. The principal terms of the Renewed Framework Agreement are set out below:

### **Date**

November 13, 2023

### **Parties**

- (1) Beijing Alibaba Pictures, a consolidated subsidiary of the Company; and
- (2) Youku Information, a consolidated entity of Alibaba Holding and a connected person of the Company

### **Term**

The period commencing from the date of signing of the Renewed Framework Agreement (i.e. November 13, 2023) and ending on March 31, 2026.

### **Subject Matter**

Youku Information is principally engaged in the business of providing online videos in the PRC on the Youku Platform and has rich, multi-disciplinary online and offline promotion resources, while Beijing Alibaba Pictures engages in the production and distribution of films, production of broadcasting and television programmes, advertising services, etc.

Pursuant to the Renewed Framework Agreement, Beijing Alibaba Pictures (for itself and as agent for and on behalf of its clients) may enter into specific marketing agreements with Youku Information and/or its affiliates to procure from Youku Information and/or its affiliates advertising and related services (including but not limited to, video advertisements, banner advertisements, button advertisements, text link advertisements, floating advertisements, column advertisements, full screen advertisements, advertisements through streaming, offline display advertisements as well as other forms of online and offline advertising) (the “Services”) at agreed discount rates.

**Pricing Basis**

The fees payable by Beijing Alibaba Pictures and/or its affiliates for procurement of the Services to Youku Information and/or its affiliates under the Renewed Framework Agreement are calculated based on the following formula:

$$\begin{array}{r} \text{Annual advertisement} \\ \text{published standard fees of} \\ \text{Youku Information and/or} \\ \text{its affiliates} \\ \text{(Note 1)} \end{array} - \begin{array}{r} \text{Discounts offered by} \\ \text{Youku Information and/} \\ \text{or its affiliates to Beijing} \\ \text{Alibaba Pictures and/or its} \\ \text{affiliates (Note 2)} \end{array} - \begin{array}{r} \text{Incentive payment (if any)} \\ \text{(Note 3)} \end{array}$$

Notes:

1. The advertisement publication fees offered to Beijing Alibaba Pictures and/or its affiliates will not be higher than those advertisement publication fees generally offered by Youku Information and/or its affiliates to other independent third party(ies) in respect of comparable services.
2. Such discounts shall be calculated based on the annual advertisement published standard fees of Youku Information and/or its affiliates.

The specific discount ratio and the amount in respect of single cooperation will be set out in the specific execution agreement(s) (the “Specific Execution Agreement(s)”) to be entered into by the parties thereto from time to time.

In accordance with the terms of the Renewed Framework Agreement, Beijing Alibaba Pictures and/or its affiliates will be entitled to special discounts. Such special discounts shall be calculated based on the actual Purchase Amount with a discount rate and shall be directly deducted from any outstanding Purchase Amount to be paid by Beijing Alibaba Pictures and/or its affiliates to Youku Information and/or its affiliates.

3. In the event that Beijing Alibaba Pictures and/or its affiliates (as the case may be) fully and strictly complies with all the terms and conditions of the Renewed Framework Agreement, the Agent Management Measures and the Specific Execution Agreement(s) as well as satisfies the relevant incentives conditions of Youku Information and/or its affiliates, Beijing Alibaba Pictures and/or its affiliates shall be entitled to enjoy the corresponding incentive policy of Youku Information and/or its affiliates in accordance with the following formula:

Total incentive payment from Youku Information and/or its affiliates to Beijing Alibaba Pictures and/or its affiliates	=	The incentive payment with reference to the incentive policy of Youku Information and/or its affiliates which is being released to other independent third party	+	contingent offers and/or incentives
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The above formula is a guidance only, the specific amount of incentives to which Beijing Alibaba Pictures and/or its affiliates is/are entitled will be specified in the Agent Management Measures or the corresponding agreements to be entered into between the parties thereto.

### Payment Term

Unless otherwise agreed in a Specific Execution Agreement, Beijing Alibaba Pictures and/or its affiliates may choose one of the methods below to settle the Purchase Amount:

- (i) By instalments: For content marketing projects (except for those product descriptions that clearly state that full prepayment is required) and for advertising products where the policy of Youku Information and/or its affiliates specifically allows for payment by instalments, Beijing Alibaba Pictures and/or its affiliates shall pay to Youku Information and/or its affiliates the Purchase Amount in the following manners:
  - (a) 30% of the Purchase Amount shall be paid before commencement of the relevant advertisement production or filming of the relevant advertisement (whichever is earlier);
  - (b) 40% of the Purchase Amount shall be paid within 30 days after the relevant advertisement is being broadcasted; and
  - (c) 30% of the Purchase Amount shall be paid within 90 days after the completion of the advertisement broadcasting.
- (ii) Post-payment/full credit: If it does not fall under the circumstances set out in item (i) above, Beijing Alibaba Pictures and/or its affiliates shall pay the Purchase Amount in full within 90 days from the Last Broadcast Day as agreed under the relevant Specific Execution Agreement.
- (iii) By separate agreement: Both parties may agree other payment methods as set out in the Specific Execution Agreement.

## Historical Transaction Amounts

Set out in the table below were the unaudited historical amounts of the service fees in respect of the procurement of the Services paid by the Group to the Alibaba Group under the 2020 Framework Agreement for the three financial years ended March 31, 2023 and the seven months ended October 31, 2023 (collectively, the “Track Record Period”):

<b>For the financial year ended March 31,</b>		<b>For the seven months ended October 31,</b>	
<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
56.58	914.15	1,075.47	2,216.98

## Annual Caps and Basis of Determination of the Annual Caps

The annual caps for the total fees in respect of the procurement of the Services under the Renewed Framework Agreement payable by the Group to the Alibaba Group for each of the three financial years ending March 31, 2024, March 31, 2025 and March 31, 2026 are set out below:

<b>For the financial year ended March 31,</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2,000	4,000	4,000

The above annual caps for the fees in respect of the procurement of the Services under the Renewed Framework Agreement are determined with reference to (i) the historical transaction amounts in respect of the procurement of the Services paid under the 2020 Framework Agreement, or in general, by the Group to the Alibaba Group during the Track Record Period; (ii) the increasing online marketing needs of the clients of Beijing Alibaba Pictures (mainly film promotion and distribution companies); and (iii) the expected rate of usage and demand for the Services during the term of the Renewed Framework Agreement, with an additional buffer of a certain percentage on top to provide for operational flexibility and potential increment in the transaction volume.

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

Internet and technology have continued to penetrate into everyone's life. They have propelled connectivity and information dissemination to unprecedented levels. As the domestic film industry continues to grow, film distribution and marketing companies have increasing needs for online advertising and digital marketing. The Group strives to meet these needs and offer the best all-around services to them. Therefore, in addition to continuously making available Tao Piao Piao for online advertising and digital marketing, the Group plans to continuously work with Youku Information by entering into the Renewed Framework Agreement. Youku Information conducts the business of providing online videos in the PRC on the Youku Platform, which is one of the leading online video streaming websites in the PRC. By continuously collaborating with them within the term of the Renewed Framework Agreement, the Group believes that it can offer the most competitive and comprehensive digital marketing services to the film industry.

Having reviewed the terms of the Renewed Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Renewed Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better to the Company after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Renewed Framework Agreement together with the relevant annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Youku Information is a consolidated entity of Alibaba Holding. Alibaba Holding is the ultimate sole 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 at the date of this announcement. Accordingly, each of Alibaba Holding and Youku Information is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company has to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.



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 of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of (i) the Revised Annual Cap for the transactions contemplated under the EBC Cost Reimbursement Framework Agreement and (ii) the highest annual cap for the transactions contemplated under the Renewed Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Tung Pen Hung serves positions in Alibaba Holding or its subsidiaries, and Mr. Li Jie takes up a management role in a subsidiary of Alibaba Holding, they are deemed or may be perceived to have a material interest in the EBC Cost Reimbursement Framework Agreement and the Renewed Framework Agreement. Accordingly, they have abstained from voting on resolutions passed by the Board to approve the Revised Annual Cap under the EBC Cost Reimbursement Framework Agreement and the transactions contemplated under the Renewed Framework Agreement (including the annual caps related thereto). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Directors have any material interest in the above transactions (including the annual caps related thereto).

## **INFORMATION ABOUT THE PARTIES**

### **The Company and Beijing Alibaba Pictures**

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.

Beijing Alibaba Pictures, being a company established under the laws of the PRC and a consolidated subsidiary of the Company, is principally engaged in the production of and distribution of films, production of broadcasting and television programmes, advertising services, etc.

## **Alibaba Holding and Youku Information**

Alibaba Holding is a company incorporated in the Cayman Islands with its American depositary shares (the “ADSs”), 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 codes: 9988 (HKD counter) and 89988 (RMB counter)). Alibaba Group’s mission is to “make it easy to do business anywhere”. Alibaba Group 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 lasts for 102 years.

Youku Information, being a limited liability company established under the laws of the PRC and a consolidated entity of Alibaba Holding, is principally engaged in the business of providing online videos in the PRC on the Youku Platform.

## **DEFINITIONS**

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

“2020 Framework Agreement”	the business cooperation agreement entered into among Beijing Asian Union, 杭州阿里媽媽軟件服務有限公司 (Hangzhou Alimama Software Services Co., Ltd.*) and 上海全土豆文化傳播有限公司 (Shanghai Quan Tudou Cultural Communication Co., Ltd.*) on March 27, 2020 in relation to the procurement of the Services
“2022 Announcement”	the announcement of the Company dated September 29, 2022 in relation to the EBC Cost Reimbursement under the EBC Cost Reimbursement Framework Agreement
“2023 Announcement”	the announcement of the Company dated March 28, 2023, in relation to, among other things, the renewal of the term of the EBC Cost Reimbursement Framework Agreement

“affiliate(s)”	with respect to any designated entity, any other entity(ies) that controls, or is controlled by, or is under common control with, such entity, either directly or indirectly through one or more intermediaries; for the avoidance of doubt, the parent company or a subsidiary of such entity, another enterprise under controlled by the same parent company of such entity, a joint venture of such entity, or an associate of such entity shall constitute an “affiliate”; and for the purpose of this definition, “control” means owning, directly or indirectly, more than 50% of the equity interests, voting or management rights of such entity; and for the purpose of this announcement, Beijing Alibaba Pictures and Youku Information together with their respective affiliates and the Company together with its subsidiaries shall not be deemed to be an affiliate of each other
“Agent Management Measures”	the agent management measures of Youku Information to be given to Beijing Alibaba Pictures annually, which set out the rights and obligations of agents of Youku Information
“AGH Entities”	Alibaba Holding, its subsidiaries and affiliates (other than the Group) (each, an “ <u>AGH Entity</u> ”)
“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 (HKD counter) and 89988 (RMB counter)) and the ultimate controlling shareholder of the Company

“associate(s)”, “connected person”, “controlling shareholder”, “subsidiary(ies)” and “substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Beijing Alibaba Pictures”	北京阿里巴巴影業文化有限公司(Beijing Alibaba Pictures Culture Co., Ltd.*) (formerly known as 北京中聯華盟文化傳媒投資有限公司(Beijing Asian Union Culture Media Investment Co., Ltd.*)), a company established under the laws of the PRC and a consolidated subsidiary of the Company
“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)
“Director(s)”	the director(s) of the Company
“EBC”	equity-based compensation
“EBC Cost Reimbursement”	has the meaning ascribed to it under the section headed “REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS” in this announcement
“EBC Cost Reimbursement Framework Agreement”	the framework agreement dated September 29, 2022 entered into between the Company and Alibaba Holding relating to the EBC Cost Reimbursement
“Group”	the Company and its subsidiaries
“Group Awards”	awarded shares, options or any other equity incentive awards of the Group pursuant to its share award scheme(s), share option scheme(s) and any other EBC plans
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property

“Last Broadcast Day”	the last day on which an advertisement placed by the Group is broadcasted on a platform
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Annual Cap”	has the meaning ascribed to it under the section headed “REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS” in this announcement
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Purchase Amount”	the amount to be paid by Beijing Alibaba Pictures for its procurement of the Services
“Renewed Framework Agreement”	the brand promotion cooperation framework agreement entered into between Beijing Alibaba Pictures and Youku Information on November 13, 2023 in relation to the procurement of the Services
“Revised Annual Cap”	has the meaning ascribed to it under the section headed “REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	has the meaning ascribed to it under the section headed “RENEWED FRAMEWORK AGREEMENT – Subject Matter” in this announcement
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)

“Specific Execution Agreement(s)”	has the meaning ascribed to it under the section headed “RENEWAL FRAMEWORK AGREEMENT – Pricing Basis” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tao Piao Piao”	Tao Piao Piao, an online ticketing platform in the PRC operated by the Group
“Track Record Period”	has the meaning ascribed to it under the section headed “RENEWED FRAMEWORK AGREEMENT – Historical Transaction Amounts” of this announcement
“Youku Information”	優酷信息技術(北京)有限公司(Youku Information Technology (Beijing) Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated entity of Alibaba Holding
“%”	per cent

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

Hong Kong, November 13, 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.

\* *For identification purposes only*