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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
THE MARKETING AND PROMOTION COOPERATION
FRAMEWORK AGREEMENT

THE MARKETING AND PROMOTION COOPERATION FRAMEWORK AGREEMENT

The Board announces that on January 31, 2024, Hangzhou TPP, an indirect non-wholly-owned subsidiary of the Company, and Hangzhou Huanyao, an indirectly wholly-owned subsidiary of Ant Group, entered into the Marketing and Promotion Cooperation Framework Agreement, pursuant to which the Relevant Ant Group Members and the Relevant TPP Members may, subject to the relevant annual caps, enter into specific agreement(s) in respect of provision of the Promotion Services and the Promotion Technology Services by the Relevant Ant Group Members to the Relevant TPP Members as well as cooperation in co-marketing activities.

LISTING RULES IMPLICATIONS

As at the date of this announcement,

- (1) Alibaba Holding is the ultimate shareholder of Alibaba Investment, which is a controlling shareholder and a connected person of the Company holding 16,001,087,693 Shares in aggregate, representing approximately 54.26% of the issued share capital of the Company, among which 13,488,058,846 Shares are held by Ali CV, a wholly-owned subsidiary of Alibaba Investment;
- (2) Alibaba Holding is indirectly holding more than 30% of the equity interest of Ant Group; and
- (3) Hangzhou Huanyao is an indirect wholly-owned subsidiary of Ant Group.

Therefore, each of them is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under the Marketing and Promotion 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 highest annual cap in respect of the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement is more than 0.1% but less than 5%, those transactions are subject to reporting and announcement requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE MARKETING AND PROMOTION COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Marketing and Promotion Cooperation Framework Agreement are set out below:

- Date** : January 31, 2024
- Parties** : (1) Hangzhou TPP, an indirect non-wholly-owned subsidiary of the Company
- (2) Hangzhou Huanyao, an indirect wholly-owned subsidiary of Ant Group and a connected person of the Company
- Term** : The period commencing from January 31, 2024 and ending on March 31, 2025

Subject matter and pricing basis

The Relevant Ant Group Members and the Relevant TPP Members may, subject to the relevant annual caps, enter into specific agreement(s) in respect of the following services:

(1) Promotion Services

The Relevant Ant Group Members may provide promotion services to the Relevant TPP Members and/or its respective cooperative partner(s) through various types of media, platforms (including but not limited to applications such as Mini Programs, App, and Webpage) and channels (including self-owned platforms and channels and those of the cooperative partners) (the "Promotion Services").

The Promotion Services will cover, among other things, design and production of promotion materials, formulation, planning and execution of marketing and promotion strategies and provision of blockchain technology and marketing technology, which will be delivered in various forms such as online advertisements, offline advertisements and marketing activities, movie ticketing promotion and self-media promotion.

The fees payable by the Relevant TPP Members to the Relevant Ant Group Members for the Promotion Services shall be determined on one of the following pricing bases:

- (a) if on a fixed price basis, the rates published on the rate card of relevant service provider(s) applying a discount rate (if any) as mutually agreed by the parties; or
- (b) if on a bid-price basis, the total fees payable = the cost per click in respect of the Promotion Services \times the total number of clicks.

Such cost per click will be further adjusted by the successful bid price to be arrived at by the bidding system after taking into account factors such as submitted bid prices, bidders' expected conversion rate, visibility of in-feed advertisement and volume of traffic and users. The bidding system is operated by the Relevant Ant Group Members and open to all in-feed advertisement bidders including affiliates of and third parties independent of the Group.

The relevant fees payable will either be pre-paid or settled after deduction of certain amount of expenses after delivery of the services, the amount of which will be based on the system of and/or invoices issued by the Relevant Ant Group Members.

(2) Promotion Technology Services

The Relevant Ant Group Members may provide relevant technology services to the Relevant TPP Members and/or its respective cooperative partner(s) by which promotion information is published on relevant interfaces of client platforms through selected criteria or applications (the “Promotion Technology Services”).

No fees will be charged by the Relevant Ant Group Members for the provision of the Promotion Technology Services.

Pursuant to the Marketing and Promotion Cooperation Framework Agreement, the parties thereto also agreed to cooperate in carrying out co-marketing activities as follows:

- (i) the Relevant TPP Members will provide certain number of promotional entitlements for participating users to claim and redeem in agreed-upon manner; and
- (ii) the Relevant Ant Group Members will showcase such promotional entitlements on relevant ad spots.

Payment terms and specific agreements

The Relevant Ant Group Members and the Relevant TPP Members may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out the detailed terms (including payment terms) of the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement. The terms of the specific agreement(s) 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 receivable by the Relevant Ant Group Members under the Marketing and Promotion Cooperation Framework Agreement for the two financial years ending March 31, 2024 and 2025 are fixed at RMB30,000,000 and RMB50,000,000, respectively, and are determined with reference to (i) the expected business needs of the Relevant TPP Members for the Promotion Services during the term of the Marketing and Promotion Cooperation Framework Agreement; (ii) a reasonable buffer to cater for the increase in potential demands of the Relevant TPP Members for such services; (iii) a significant surge in the transactions volumes expected during the upcoming Chinese New Year holidays; and (iv) the historical transaction amounts of approximately RMB736,000 and approximately RMB212,000 for similar services paid by the Relevant TPP Members to the Relevant Ant Group Members for the two financial years ended March 31, 2022 and 2023, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARKETING AND PROMOTION COOPERATION FRAMEWORK AGREEMENT

Alipay is one of the largest third-party digital payment solution providers in the PRC and across the world. Given its large user base and technology, the Group believes that collaborating with the Relevant Ant Group Members under the Marketing and Promotion Cooperation Framework Agreement will allow the Group to continue to seize new business opportunities arising out of tapping into platforms and products operated by Ant Group and also to strengthen its capabilities in acquiring high-quality users.

Having reviewed the terms of the Marketing and Promotion Cooperation Framework Agreement, the Directors (except Mr. Fan Luyuan, Mr. Meng Jun, Mr. Tung Pen Hung and Mr. Li Jie), including the independent non-executive Directors, are of the view that the terms of the Marketing and Promotion Cooperation Framework Agreement (and the annual caps related thereto) are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement,

- (1) Alibaba Holding is the ultimate shareholder of Alibaba Investment, which is a controlling shareholder and a connected person of the Company holding 16,001,087,693 Shares in aggregate, representing approximately 54.26% of the issued share capital of the Company, among which 13,488,058,846 Shares are held by Ali CV, a wholly-owned subsidiary of Alibaba Investment;
- (2) Alibaba Holding is indirectly holding more than 30% of the equity interest of Ant Group; and
- (3) Hangzhou Huanyao is an indirect wholly-owned subsidiary of Ant Group.

Therefore, each of them is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under the Marketing and Promotion 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 highest annual cap in respect of the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement is more than 0.1% but less than 5%, those transactions are subject to reporting and announcement requirements, but exempt from the 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 holds positions in 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 Marketing and Promotion Cooperation Framework Agreement. Accordingly, they have abstained from voting on the related Board resolutions. Other than those Directors, no other Directors have a material interest in the Marketing and Promotion 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 Company and Hangzhou TPP

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 four major segments: film investment, production, promotion and distribution, film ticketing and technology platform, drama series production and IP merchandising and innovative initiatives.

Hangzhou TPP, a limited liability company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company, is principally engaged in the provision of technology development and technology consulting services.

Alibaba Holding, Ant Group, and Hangzhou Huanyao

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.

Ant Group is a joint stock limited liability company incorporated in the PRC 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 Junao Equity Investment Partnership (Limited Partnership) and Hangzhou Junhan Equity Investment Partnership (Limited Partnership) hold approximately 22% and 31% of Ant Group's total issued shares, respectively. The remaining approximately 47% issued shares in Ant Group is held as to approximately 33% by Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), an indirect wholly-owned subsidiary of Alibaba Holding, and as to approximately 14% by other minority shareholders.

Hangzhou Huanyao, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Ant Group, is principally engaged in provision of information technology services.

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 a controlling shareholder of the Company, an indirect wholly-owned subsidiary of Alibaba Holding and a direct wholly-owned subsidiary of Alibaba Investment
“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

“Alibaba Investment”	Alibaba Investment Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company and a direct wholly-owned subsidiary of Alibaba Holding
“Ant Group”	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) (formerly known as 浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*)), a joint stock limited company established under the laws of the PRC and an associate of Alibaba Holding
“associate”	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 Huanyao”	杭州煥耀科技有限公司 (Hangzhou Huanyao Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Ant Group
“Hangzhou TPP”	杭州淘票票科技有限公司 (Hangzhou Taopiaopiao Technology Co., Ltd.*) (formerly known as 杭州淘票票影視文化有限公司 (Hangzhou Tao Piao Piao Movie & TV Culture Co. Ltd.*), 杭州晨熹多媒體科技有限公司 (Hangzhou Aurora Multi-Media Technology Co., Ltd.*)), a company established under the laws of the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollars, 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
“Marketing and Promotion Cooperation Framework Agreement”	the marketing and promotion and co-marketing cooperation framework agreement dated January 31, 2024 and entered into between Hangzhou TPP and Hangzhou Huanyao with respect to provision of the Promotion Services and the Promotion Technology Services as well as cooperation in co-marketing activities
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Promotion Services”	has the meaning ascribed to it under the section headed “THE MARKETING AND PROMOTION COOPERATION FRAMEWORK AGREEMENT” in this announcement
“Promotion Technology Services”	has the meaning ascribed to it under the section headed “THE MARKETING AND PROMOTION COOPERATION FRAMEWORK AGREEMENT” in this announcement
“Relevant Ant Group Members”	Hangzhou Huanyao and/or any of its affiliates
“Relevant TPP Members”	Hangzhou TPP 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
“Shareholder(s)”	holder(s) of the Share(s)
“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, January 31, 2024

As of the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, being the executive Directors; Mr. Tung Pen Hung, 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*