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**Alibaba Pictures Group Limited**  
**阿里巴巴影業集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1060)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**CONTINUING CONNECTED TRANSACTIONS**  
**THE MARKETING AND PROMOTION COOPERATION**  
**FRAMEWORK AGREEMENT**

Reference is made to the announcement of Company dated January 31, 2024 in relation to the continuing connected transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement (the “Announcement”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The purpose of this announcement is to provide supplementary information regarding the internal control measures and the basis of determination of the annual caps in respect of the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement.

**INTERNAL CONTROL MEASURES**

As disclosed in the Announcement, the pricing basis in respect of the Promotion Services comprises two modes of formula, i.e. the fixed price basis and the bid-price basis.

In connection with the abovementioned pricing basis, the Group has adopted the following internal control measures to monitor the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement such that the fees payable to the Relevant Ant Group Members will be fair and reasonable:

- (i) as for the fixed-price basis, the business operation department of the Company will check from time to time the rates as published on the rate card of the Relevant Ant Group Members to ensure that such rates are no less favourable than those offered to other affiliates and independent third parties;

- (ii) as for the bid-price basis, (a) the business operation department of the Company will review the operational guidelines and bidding rules of the bidding system published by the Relevant Ant Group Members from time to time to ensure that the final successful bid price arrived at is purely data-driven and devoid of human judgment and manipulation to the extent possible; and (b) the finance department of the Company will assess and monitor the business needs of the Relevant TPP Members with reference to the expected conversion rate, visibility, volume of traffic and users on a semi-annual basis and as required from time to time to determine whether the final successful bid price is fair and reasonable;
- (iii) the finance department of the Company, under the overall supervision of the Company's chief finance officer and the Board, will (a) obtain evidence from the Relevant Ant Group Members regarding the costs and expenses incurred by the Relevant TPP Members; (b) monitor the transaction amounts in respect of the Promotion Services and review the management accounts on a quarterly basis and as required from time to time to ensure that the actual transaction amounts with the Relevant Ant Group Members under the Marketing and Promotion Cooperation Framework Agreement do not exceed the relevant annual caps; and (c) report to the listing compliance department of the Company, which will in turn report to the Board for consideration and approval, to determine whether revision of annual caps is necessary to comply with the Listing Rules if the transaction amount is expected to exceed the relevant annual caps;
- (iv) the independent non-executive Directors will conduct independent annual review on the abovementioned internal control measures and the transactions contemplated under the Marketing and Promotion Cooperation Framework Agreement to ensure that those transactions are entered into through arm's length negotiations and on normal commercial terms, are fair and reasonable, in the interests of the Company and its Shareholders as a whole and are carried out pursuant to the terms of the transactions;
- (v) the Company's auditors will conduct annual review on the pricing basis and the annual caps under the Marketing and Promotion Cooperation Framework Agreement and report their findings and conclusions to the Board; and
- (vi) the Board will continue to review regularly the Company's internal control systems and its effectiveness.

## **BASIS OF DETERMINATION OF ANNUAL CAPS**

As disclosed in the Announcement, the basis of determining the annual caps for the two financial years ending March 31, 2024 and 2025 includes, among other factors, (a) a significant surge in the transaction volumes expected during the upcoming Chinese New Year holidays, (b) the expected business needs of the Relevant TPP Members during the term of the Marketing and Promotion Cooperation Framework Agreement; and (c) the respective historical transaction amount for similar services paid by the Relevant TPP Members to the Relevant Ant Group Members for the financial years ended March 31, 2022 and 2023.

The Company would like to elaborate the aforementioned basis as follows:

- (i) there is expected to be a surge in the transaction volumes during the Chinese New Year holidays this year particularly considering that:
  - (a) the Chinese New Year holidays are traditionally a prime time for the box office in the PRC and the preceding year 2023 has seen post-COVID resurgence in the domestic movie industry and the record-breaking box office in the PRC; and
  - (b) against such backdrop, the Group has stepped up the marketing activities during the Chinese New Year holidays this year by purchasing more ad spots on Alipay. The resulting transaction volume during such period is expected to represent approximately 47% of the annual cap for the financial year ending March 31, 2024;
- (ii) the business needs of the Relevant TPP Members are further driven up by the needs for increased visibility on Alipay in order for Tao Piao Piao to remain competitive; and
- (iii) the historical amounts for similar services for the financial years ended March 31, 2022 and 2023 as disclosed in the Announcement are of little referential value because the pricing mechanism for the previous transactions were no longer applicable starting from 2023.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Hong Kong, February 21, 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.*