

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

CONTINUING CONNECTED TRANSACTIONS - RENEWED PAYMENT SERVICES FRAMEWORK AGREEMENT

RENEWED PAYMENT SERVICES FRAMEWORK AGREEMENT

The Board announces that the Company (for itself and on behalf of its subsidiaries) entered into the Renewed Payment Services Framework Agreement with Alipay, a wholly-owned subsidiary of Ant Financial, on March 26, 2020 for a term of three years commencing from April 1, 2020 and ending on March 31, 2023. Pursuant to the Renewed Payment Services Framework Agreement, any member of the Group may request payment services from Alipay from time to time and in its absolute discretion according to its business needs.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.29% of the issued share capital of the Company. As Ant Financial is indirectly held by AGH as to 33% of its equity interest and Alipay is a wholly-owned subsidiary of Ant Financial, each of Ant Financial and Alipay is an associate of Ali CV and thus a connected person of the Company as at the date of this announcement.

The entering into of the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual cap for the payment services to be provided under the Renewed Payment Services Framework Agreement are above 0.1% but below 5%, the entering into of the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated March 29, 2019 relating to, among others, the entering into of the 2019 Payment Services Framework Agreement between the Company (for itself and on behalf of its subsidiaries) and Alipay, a wholly-owned subsidiary of Ant Financial, for a term commenced from April 1, 2019 and ending on March 31, 2020.

The Board announces that the Company (for itself and on behalf of its subsidiaries) entered into the Renewed Payment Services Framework Agreement with Alipay on March 26, 2020 for a term of three years commencing from April 1, 2020 and ending on March 31, 2023. Pursuant to the Renewed Payment Services Framework Agreement, any member of the Group may request payment services from Alipay from time to time and in its absolute discretion according to its business needs.

PRINCIPAL TERMS OF THE RENEWED PAYMENT SERVICES FRAMEWORK AGREEMENT

The principal terms of the Renewed Payment Services Framework Agreement are set out below:

Date: March 26, 2020

Parties: (1) the Company (for itself and on behalf of its subsidiaries), as service user
(2) Alipay, a wholly-owned subsidiary of Ant Financial and a connected person of the Company, as service provider

Term: three years commencing from April 1, 2020 and ending on March 31, 2023

Subject Matter

In consideration of the fees payable to Alipay, any member of the Group may request payment services from Alipay from time to time and in its absolute discretion depending on its business needs. The payment services provided by Alipay includes TPP Platform Payment Services, Alibaba Group Domestic Platforms Payment Services and other payment services provided from time to time for any member of the Group.

Basis of Determination of the Service Fees

Pursuant to the Renewed Payment Services Framework Agreement, the service fees chargeable by Alipay for the TPP Platform Payment Services shall be calculated based on the actual usage of those services and a specific rate of service fees applicable to the relevant member of the Group, which operates Tao Piao Piao in the PRC, based on the predicted service usage of the Tao Piao Piao Users. Such rate has been determined upon arm's length negotiations by the relevant parties and would be on normal commercial terms based on the standard rate provided by Alipay to its independent customers.

The service fees chargeable by Alipay for the Alibaba Group Domestic Platforms Payment Services shall be calculated based on the actual usage of those services and the relevant standard rate of service fees charged by Alipay from time to time in respect of the same type of payment services provided by Alipay to its independent customers on respective Alibaba Group Domestic Platforms. Such standard rate will be published by Alipay on the official website of Alipay and/or the relevant Alibaba Group Domestic Platforms from time to time.

The service fees chargeable by Alipay for the other payment services contemplated under the Renewed Payment Services Framework Agreement shall be calculated based on the actual usage of those services and the relevant standard rate of service fees charged by Alipay to its independent customers for the corresponding services. Such standard rate will be published by Alipay on its official website from time to time.

The aforesaid rates of services fees may be adjusted by the parties upon mutual agreement based on specific circumstances.

Payment Terms

Pursuant to the Renewed Payment Services Framework Agreement, for TPP Platform Payment Services, the parties shall reconcile and confirm the actual amount of service fees on a monthly basis. The relevant member of the Group shall pay the corresponding amount of service fees in cash to Alipay upon receipt of the value-added tax invoices issued by Alipay.

For Alibaba Group Domestic Platforms Payment Services, the service fees shall be deducted by and paid to Alipay immediately from the transaction amounts received by the Group from the third parties or paid by the Group to the third parties for the corresponding transactions conducted on the Alibaba Group Domestic Platforms.

For other payment services, the service fees shall be deducted by and paid to Alipay immediately from the corresponding settlement amounts in respect of the transactions requiring such payment services.

Annual Caps and Basis of Determination of Annual Caps

The actual transaction amount for all payment services provided pursuant to the 2019 Payment Services Framework Agreement for the financial year ending March 31, 2020 is expected to be approximately RMB53,000,000 (exclusive of tax).

The Board determined the annual caps for all payment services under the Renewed Payment Services Framework Agreement for the three financial years ending on March 31, 2021, March 31, 2022 and March 31, 2023 to be fixed at RMB80,000,000, RMB85,000,000 and RMB90,000,000, respectively.

The annual caps are determined with reference to (i) the expected rate of usage and demand for the payment services during the term of the Renewed Payment Services Framework Agreement, which is estimated based on historical transaction amount, current business needs of the Group and an anticipated increase in the transaction volume, and (ii) the applicable standard rate of

service fees currently published by Alipay and a certain percentage of buffer for potential increment in the standard rate of service fees chargeable by Alipay.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED PAYMENT SERVICES FRAMEWORK AGREEMENT

Alipay is one of the largest third-party digital payment solution providers in China and across the world. Given its large user base and technology, the Group believes that the services provided by Alipay are conducive to the development and promotion of the Group's online business. Factors such as security and reliability in transaction are also highly valued by the Group; and Alipay has demonstrated excellence in such areas in its operating history. It is expected that the Group will continue to use Alipay's services in the foreseeable future.

Having reviewed the terms of the Renewed Payment Services Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Payment Services Framework Agreement and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and that the entering into of the Renewed Payment Services Framework Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.29% of the issued share capital of the Company. As Ant Financial is indirectly held by AGH as to 33% of its equity interest and Alipay is a wholly-owned subsidiary of Ant Financial, each of Ant Financial and Alipay is an associate of Ali CV and thus a connected person of the Company as at the date of this announcement.

The entering into of the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest annual cap for the payment services to be provided under the Renewed Payment Services Framework Agreement are above 0.1% but below 5%, the entering into of the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong is an employee of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder (including the annual caps). As such, Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong have abstained from voting on the resolution(s) passed by the Board in relation to the Renewed Payment Services Framework Agreement and the

transactions contemplated thereunder (including the annual caps). Save as the aforesaid, none of the other Directors has a material interest in the Renewed Payment Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) which requires any of them to abstain from voting on the Board resolution(s) in relation thereto.

INFORMATION ON THE COMPANY

The Company is listed on both the Main Board of the Stock Exchange (stock code: 1060) and the Singapore Exchange Securities Trading Limited (stock code: S91). The Company 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 the three major segments: (i) Internet-based promotion and distribution, (ii) content production, and (iii) integrated development. These segments encompass (i) the operation of an integrated O2O platform for the promotion and distribution of entertainment content, and the provision of online movie ticketing service to consumers and ticket issuance system to cinemas; (ii) the investment and production of entertainment content such as films and drama series both domestically and internationally; and (iii) centered around copyrights, the development of professional services ranging from financing, business placement, promotion and distribution to merchandising, respectively.

INFORMATION ON AGH, ANT FINANCIAL AND ALIPAY

AGH is 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). 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 company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Ant Financial, being a company incorporated in the PRC, is a technology company focused on providing inclusive financial services to consumers and small and micro businesses, in China and across the world. It primarily operates digital payment services and financial technology platform services through sustained technological innovation and cooperation with financial institutions, and is also pursuing a globalization strategy. As at the date of this announcement, the shares of Ant Financial are held by Hangzhou Alibaba, Hangzhou Junao and Hangzhou Junhan as to 33%, 20.88% and 29.10%, respectively, and the voting rights of Hangzhou Junao and Hangzhou Junhan in Ant Financial are controlled by Hangzhou Yunbo, the general partner, which in turn is entirely owned by Mr. Yun Ma.

Alipay, a limited liability company established in the PRC and a wholly-owned subsidiary of Ant Financial, is principally engaged in providing payment processing service. Alipay is one of the leading players in the online and offline payment markets in the PRC.

DEFINITIONS

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

“2019 Payment Services Framework Agreement”	the payment services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Alipay on March 29, 2019 for a term commenced from April 1, 2019 and ending on March 31, 2020
“AGH”	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)
“Alibaba Group”	AGH and its subsidiaries
“Alibaba Group Domestic Platforms”	online platforms operated by Alibaba Group in the PRC under the domain names including but not limited to taobao.com and Tmall.com for third party users, such as brands and retailers
“Alibaba Group Domestic Platforms Payment Services”	the payment services provided by Alipay to the Group in accordance with the terms of the Renewed Payment Services Framework Agreement for the transactions conducted between the Group and third parties on the Alibaba Group Domestic Platforms
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“Alipay”	支付寶（中國）網絡技術有限公司 (Alipay.com Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
“Ant Financial”	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 company incorporated in the PRC with limited liability and an associate of AGH

<p>“associate”, “connected person”, “controlling shareholder” and “subsidiary(ies)”</p>	<p>each has the meaning ascribed to it under the Listing Rules</p>
<p>“Board”</p>	<p>the board of Directors</p>
<p>“Company”</p>	<p>Alibaba Pictures Group Limited, 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), which also has a secondary listing on the Singapore Exchange Securities Trading Limited (stock code: S91)</p>
<p>“Directors”</p>	<p>the directors of the Company</p>
<p>“Group”</p>	<p>the Company and its subsidiaries</p>
<p>“Hangzhou Alibaba”</p>	<p>杭州阿里巴巴網絡科技有限公司(Hangzhou Alibaba Network Technology Co., Ltd.*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of AGH</p>
<p>“Hangzhou Junao”</p>	<p>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 established under the laws of the PRC</p>
<p>“Hangzhou Junhan”</p>	<p>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 established under the laws of the PRC</p>
<p>“Hangzhou Yunbo”</p>	<p>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</p>
<p>“Hong Kong”</p>	<p>the Hong Kong Special Administrative Region of the PRC</p>
<p>“Listing Rules”</p>	<p>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</p>

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Renewed Payment Services Framework Agreement”	the payment services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Alipay on March 26, 2020 for a term commencing from April 1, 2020 and ending on March 31, 2023
“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
“Tao Piao Piao”	Tao Piao Piao, a leading online ticketing platform in the PRC operated by the Group
“Tao Piao Piao Users”	the users (including the vendors and the customers) of Tao Piao Piao
“TPP Platform Payment Services”	the payment services provided by Alipay for the Tao Piao Piao Users at the expense of the Group
“%”	per cent.

** For identification purpose only*

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

Hong Kong, March 26, 2020

As at the date of this announcement, the Board comprises Mr. Fan Luyuan and Mr. Meng Jun, being the executive Directors; Mr. Chang Yang and Mr. Xu Hong, being the non-executive Directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.