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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
PREVIOUSLY FULLY EXEMPT CONTINUING CONNECTED
TRANSACTIONS UNDER
THE MARKETING AND PROMOTION SERVICES
FRAMEWORK AGREEMENT**

**REVISION OF ANNUAL CAP FOR PREVIOUSLY FULLY EXEMPT CONTINUING
CONNECTED TRANSACTIONS**

On September 26, 2022, Hangzhou TPP, an indirect non-wholly-owned subsidiary of the Company, and Ant Blockchain, an indirect wholly-owned subsidiary of Ant Group, entered into the Marketing and Promotion Services Framework Agreement, the terms of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT” below in this announcement. The transactions contemplated thereunder constituted fully exempt continuing connected transactions for the Company at the relevant time based on the Original Annual Caps determined.

In view of an anticipated increase in demand for services pursuant to the Marketing and Promotion Services Framework Agreement as a result of a recently established collaboration between Damai and Ant Group in respect of the provision of marketing and promotion services by Damai to Relevant Ant Group Members, the Board proposed to revise and increase the Original Annual Cap to the Revised Annual Cap for the financial year ending March 31, 2025, further details of which are set out in the section headed “THE ORIGINAL ANNUAL CAP AND THE REVISED ANNUAL CAP” below in this announcement.

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 53.85% of the issued share capital of the Company, among which (i) 13,488,058,846 Shares are held by Ali CV, the wholly-owned subsidiary of Alibaba Investment, and (ii) 2,513,028,847 Shares are held by Alibaba Investment;
- (2) Alibaba Holding is indirectly holding more than 30% of the equity interest of Ant Group; and
- (3) Ant Blockchain 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 Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the relevant time when the Marketing and Promotion Services Framework Agreement was entered into, all applicable percentage ratios calculated with reference to the Original Annual Caps in respect of transactions contemplated under the Marketing and Promotion Services Framework Agreement were less than 0.1%. As such, those transactions constituted de minimis transactions of the Company and were therefore fully exempt from reporting, annual review, announcement, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the Original Annual Caps, 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 or more applicable percentage ratios calculated with reference to the Revised Annual Cap for the financial year ending March 31, 2025 in respect of the transactions contemplated under the Marketing and Promotion Services 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.

REVISION OF ANNUAL CAP FOR PREVIOUSLY FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

On September 26, 2022, Hangzhou TPP, an indirect non-wholly-owned subsidiary of the Company, and Ant Blockchain, an indirect wholly-owned subsidiary of Ant Group, entered into the Marketing and Promotion Services Framework Agreement, the terms of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT” below in this announcement. The transactions contemplated thereunder constituted fully exempt continuing connected transactions for the Company at the relevant time based on the Original Annual Caps determined.

In view of an anticipated increase in demand for services pursuant to the Marketing and Promotion Services Framework Agreement as a result of a recently established collaboration between Damai and Ant Group in respect of the provision of marketing and promotion services by Damai to Relevant Ant Group Members, the Board proposed to revise and increase the Original Annual Cap to the Revised Annual Cap for the financial year ending March 31, 2025, further details of which are set out in the section headed “THE ORIGINAL ANNUAL CAP AND THE REVISED ANNUAL CAP” below in this announcement.

CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT

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

- Date** : September 26, 2022
- Parties** : (1) Hangzhou TPP, an indirect non-wholly-owned subsidiary of the Company
(2) Ant Blockchain, an indirect wholly-owned subsidiary of Ant Group and a connected person of the Company
- Term** : The period commencing from September 26, 2022 and ending on March 31, 2025

Subject matter and pricing basis

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

(1) *Promotion Services*

The Relevant Group Members may provide promotion services to the Relevant Ant Group 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 fees payable by the Relevant Ant Group Members to the Relevant Group Members for the Promotion Services shall comprise (i) execution costs incurred in the provision of the Promotion Services, including but not limited to headcount cost, equipment cost, third-party service cost, expenses of the Marketing Activities, cost of redeemed marketing and promotion awards/special privileges, and technology and operation cost and (ii) a service surcharge ranging from 5% to 50%, to be reasonably determined by parties with reference to factors such as the market price of comparable services as well as service effectiveness.

(2) *Information Promotion Technology Services*

The Relevant Group Members may provide relevant technology services to the Relevant Ant Group Members and/or its respective cooperative partner(s) by which promotion information are published on relevant pages of client platforms through selected conditions or App (the “Information Promotion Technology Services”).

The fees payable by the Relevant Ant Group Members to the Relevant Group Members for the Information Promotion Technology Services shall comprise (i) execution costs incurred in the provision of the Information Promotion Technology Services, including but not limited to headcount cost, equipment cost, third-party service cost, expenses of the Marketing Activities, cost of redeemed marketing and promotion awards/special privileges, and technology and operation cost and (ii) a service surcharge ranging from 5% to 50%, to be reasonably determined by parties with reference to factors such as the market price of comparable services as well as service effectiveness.

(3) *Coupon Redemption Services*

The Relevant Group Members may provide coupon redemption services to the Relevant Ant Group Members whereby the Relevant Group Members, as a redemption platform, shall ensure that eligible coupon users are able to redeem their coupons which are provided by the Relevant Ant Group Members in the course of the Marketing Activities in accordance with the face value stated thereon and the terms and conditions of redemption (the “Coupon Redemption Services”).

The fees payable by the Relevant Ant Group Members to the Relevant Group Members for the Coupon Redemption Services shall be equal to the expenses of the Marketing Activities on an actual incurred basis, to be determined by the aggregate face value of the coupons redeemed.

Payment terms and specific agreements

The Relevant Ant Group Members and the Relevant Group 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 Services Framework Agreement. The terms of the specific agreement(s) will be negotiated on an arm’s length basis between the parties.

THE ORIGINAL ANNUAL CAP AND THE REVISED ANNUAL CAP

The original annual caps in respect of the total fees payable by the Relevant Ant Group Members to the Relevant Group Members in respect of the transactions contemplated under the Marketing and Promotion Services Framework Agreement for the financial years ended/ending March 31, 2023, 2024 and 2025 were determined to be RMB3.6 million, RMB3.6 million and RMB3.6 million, respectively (the “Original Annual Cap(s)”). Based on information available to the Board, the Board anticipates that the Original Annual Cap will not be sufficient to meet the business needs for the financial year ending March 31, 2025. Accordingly, the Board proposed to revise the Original Annual Cap from RMB3.6 million to RMB12 million for the financial year ending March 31, 2025 (the “Revised Annual Cap”).

The Revised Annual Cap is determined after taking into account (i) the unaudited historical transaction amount for the three months ended June 30, 2024 which was nil; (ii) an increase in demand for services pursuant to the Marketing and Promotion Services Framework Agreement as a result of a recently established collaboration between Damai and Ant Group in respect of the provision of marketing and promotion services by Damai to Relevant Ant Group Members, the transaction amount of which is expected to be approximately RMB10 million during the period from July 1, 2024 to March 31, 2025, and (iii) a reasonable buffer to cater for the growth of the Group's business needs. As at the date of this announcement, the Original Annual Cap for the financial year ending March 31, 2025 has not been exceeded.

Save for the revision of the Original Annual Cap for the financial year ending March 31, 2025, the pricing policy and other terms of the Marketing and Promotion Services Framework Agreement remain unchanged.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under the Marketing and Promotion Services Framework Agreement for the continuing connected transactions are fair and reasonable, and the transactions are carried out based on normal or better commercial terms, the Group has adopted the following internal control measures:

- (a) the business operation department of the Company will from time to time review the pricing, payment terms and the utilization of the relevant annual caps to ensure that the services fees chargeable by the Group to the Relevant Ant Group Members are no more favourable than those offered to independent third parties;
- (b) the business operation department of the Company will from time to time check (or obtain) and compare the fee standards for similar type of services provided by two or more independent service providers to ensure that the services fees chargeable by the Group shall be calculated in a manner equal to (or better than) the fee standards and calculations provided by independent service providers;
- (c) the finance department of the Company, under the overall supervision of the Company's chief finance officer and the Board, will (a) obtain evidence internally or from the Relevant Ant Group Members regarding the costs and expenses incurred; (b) monitor the transaction amounts in respect of the services and review the management accounts on a quarterly basis and as required from time to time to ensure that the actual transaction amounts incurred with the Relevant Ant Group Members under the Marketing and Promotion Services 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;

- (d) 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 Services Framework Agreement to ensure that those transactions are entered into through arm's length negotiations and on normal commercial terms or better, are fair and reasonable, in the ordinary and usual course of business of the Group, in the interests of the Company and its Shareholders as a whole and are carried out pursuant to the terms of the transactions;
- (e) the Company's auditors will conduct annual review on the pricing basis and the annual caps under the Marketing and Promotion Services Framework Agreement and report their findings and conclusions to the Board; and
- (f) the Board will continue to review regularly the Company's internal control systems and its effectiveness.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP AND THE CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES 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 strengths, the Group believes that collaborating with the Relevant Ant Group Members under the Marketing and Promotion Services 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 promotion and distribution for content producers.

Having reviewed the terms of the Marketing and Promotion Services Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Marketing and Promotion Services Framework Agreement (including the Revised Annual Cap for the financial year ending March 31, 2025) 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 53.85% of the issued share capital of the Company, among which (i) 13,488,058,846 Shares are held by Ali CV, the wholly-owned subsidiary of Alibaba Investment, and (ii) 2,513,028,847 Shares are held by Alibaba Investment;
- (2) Alibaba Holding is indirectly holding more than 30% of the equity interest of Ant Group; and
- (3) Ant Blockchain 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 Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the relevant time when the Marketing and Promotion Services Framework Agreement was entered into, all applicable percentage ratios calculated with reference to the Original Annual Caps in respect of transactions contemplated under the Marketing and Promotion Services Framework Agreement were less than 0.1%. As such, those transactions constituted de minimis transactions of the Company and were therefore fully exempt from reporting, annual review, announcement, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the Original Annual Caps, 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 or more applicable percentage ratios calculated with reference to the Revised Annual Cap for the financial year ending March 31, 2025 in respect of the transactions contemplated under the Marketing and Promotion Services 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 Services 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 Services 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 and traded 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 five major segments: film investment, production, promotion and distribution, film ticketing and technology platform, Damai Business, 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 Ant Blockchain

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 company organized under the laws of the PRC and an associate of Alibaba Holding. Ant Group 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, Junhan and Junao held approximately 31% and 22% of Ant Group’s total issued shares, respectively. Xingtao is the executive partner and general partner of Junhan; Yunbo is the executive partner and general partner of Junao; and each of Xingtao and Yunbo is held by five individuals as to 20% each. The remaining issued shares in Ant Group are held as to approximately 33% by 淘寶(中國)軟件有限公司 (Taobao (China) Software Co., Ltd.*), an indirect wholly-owned subsidiary of Alibaba Holding, and as to approximately 14% by other minority shareholders.

Ant Blockchain, 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 virtual credential 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 Blockchain”	螞蟻區塊鏈科技(上海)有限公司 (Ant Blockchain Technology (Shanghai) Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of Ant Group
“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
“Coupon Redemption Services”	has the meaning ascribed to it under the section headed “CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT – Subject matter and pricing basis” in this announcement
“Damai”	北京大麥文化傳媒發展有限公司 (Beijing Damai Cultural Media Development Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated entity of the Company
“Damai Business”	the live entertainment business managed and operated by Damai

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou TPP”	杭州淘票票影視文化有限公司 (Hangzhou Tao Piao Piao Movie & TV Culture Co. Ltd.*) (formerly known as 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
“Information Promotion technology Services”	has the meaning ascribed to it under the section headed “CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT – Subject matter and pricing basis” in this announcement
“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 which holds approximately 22% equity interest in Ant Group
“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 which holds approximately 31% equity interest in Ant Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marketing Activities”	marketing activities undertaken by the Relevant Ant Group Members and/or its respective cooperative partner(s) whereby participating users may claim physical or electronic coupon products of the Relevant Group Members in accordance with the relevant requirements

“Marketing and Promotion Services Framework Agreement”	the framework agreement dated September 26, 2022 and entered into between Hangzhou TPP and Ant Blockchain with respect to provision of the Promotion Services, the Information Promotion Technology Services, and the Coupon Redemption Services
“Original Annual Cap(s)”	has the meaning ascribed to it under the section headed “THE ORIGINAL ANNUAL CAP AND THE REVISED ANNUAL CAP” in this announcement
“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 “CONTINUING CONNECTED TRANSACTIONS UNDER THE MARKETING AND PROMOTION SERVICES FRAMEWORK AGREEMENT – Subject matter and pricing basis” in this announcement
“Relevant Ant Group Members”	Ant Blockchain and/or any of its affiliates
“Relevant Group Members”	the Group and/or any of its affiliates (including Hangzhou TPP)
“Revised Annual Cap”	has the meaning ascribed to it under the section headed “THE ORIGINAL ANNUAL CAP AND THE REVISED ANNUAL CAP” in this announcement
“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

“Xingtao”	杭州星滔企業管理諮詢有限公司 (Hangzhou Xingtao Enterprise Management Consultancy Co., Ltd.*), a limited liability partnership established under the laws of the PRC and is the executive partner and general partner of Junhan
“Yunbo”	杭州雲鉞投資諮詢有限公司 (Hangzhou Yunbo Investment Consultancy Co., Ltd.*), a limited liability partnership established under the laws of the PRC and is the executive partner and general partner of Junao
“%”	per cent

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

Hong Kong, July 18, 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*