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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 –  
FRAMEWORK AGREEMENT RELATING TO  
EQUITY-BASED COMPENSATION COST REIMBURSEMENT**

**FRAMEWORK AGREEMENT**

The Board announces that on September 29, 2022, the Company and Alibaba Holding entered into the Framework Agreement for a term commencing from September 29, 2022 and ending on March 31, 2023. Pursuant to the 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.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Alibaba Holding is the ultimate 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. Alibaba Holding is therefore an associate of Ali CV and thus a connected person of the Company. The transactions contemplated under the 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 annual cap of the Framework Agreement are more than 0.1% but less than 5%, the entering into of the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE FRAMEWORK AGREEMENT**

Date : September 29, 2022

Parties : (1) the Company  
(2) Alibaba Holding, a controlling shareholder and a connected person of the Company

Term : September 29, 2022 to 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)

### **Subject matter and pricing basis**

In respect of the AGH Group Awards held by any grantees (whose employment is transferred from an AGH Entity to a Group Entity), Alibaba Holding may allocate the EBC costs associated with those unvested AGH Group Awards to the Company and subject to relevant adjustments and upon vesting, the Company may reimburse Alibaba Holding the amount in respect of the relevant vested AGH Group Awards.

In respect of the Group Awards held by any grantees (whose employment is transferred from a Group Entity to an AGH Entity), the Company may allocate the EBC costs associated with those unvested Group Awards to Alibaba Holding and subject to relevant adjustments and upon vesting, Alibaba Holding may reimburse the Company the amount in respect of the relevant vested Group Awards.

The amount which Alibaba Holding or the Company may allocate and/or settle under the Framework Agreement (as the case may be) is determined with reference to, among other things: (i) number of the relevant awards (whether vested or unvested); (ii) number of the relevant grantees; (iii) the period in which the employment is transferred; and (iv) the fair market value of the relevant awards as at the grant date or the transfer date, to be reasonably determined by the parties.

### **Definitive Agreements**

Any Group Entity and any AGH Entity may, subject to the annual caps, from time to time enter into the Definitive Agreements to set out the detailed terms (including the payment terms and the settlement method) of the transactions contemplated under the Framework Agreement. The terms of the Definitive Agreements will be negotiated on an arm's length basis between the parties.

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

The annual cap for the transaction amount associated with the AGH Group Awards under the Framework Agreement for the year ending on March 31, 2023 is RMB80,000,000 and is determined with reference to (i) the number of grantees transferred and expected to be transferred from the AGH Entities to the Group; and (ii) the total number and the fair market value of the relevant AGH Group Awards.

The annual cap for the transaction amount associated with the Group Awards under the Framework Agreement for the year ending on March 31, 2023 is RMB12,000,000 and is determined with reference to (i) the number of grantees transferred and expected to be transferred from the Group to the AGH Entities; and (ii) the total number and the fair market value of the relevant Group Awards.

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

Each of Alibaba Holding and the Company is committed to providing their employees with a nurturing work environment that supports personal growth and therefore allows internal transfers between the Group and the AGH Entities. As equity-based awards are vital to attract, incentivize and retain those employees, each of them intends to introduce the arrangement contemplated under the Framework Agreement allowing the grantees to retain their awards after the internal transfers and allocating their EBC costs to the relevant entity to which such grantee has joined.

In light of the above, the Directors (including the independent non-executive Directors) consider that although the transactions contemplated under the Framework Agreement are not in the ordinary course of business of the Group, the transactions under the Framework Agreement 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 of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

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As one or more applicable percentage ratios calculated with reference to the annual cap of the Framework Agreement are more than 0.1% but less than 5%, the entering into of the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Liu Zheng is an employee of 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 Framework Agreement. Accordingly, they have abstained from voting on the resolutions passed by the Board to approve the transactions under the Framework Agreement and the annual caps. Other than those Directors, no other Directors have a material interest in the 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**

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 three major segments: content, technology and IP merchandising and commercialization. These segments encompass (i) investment in and production and distribution of entertainment content, such as film and drama series, both domestically and internationally; (ii) digitalization in the entertainment sector, including platform ticketing, digital intelligence business and other technology products; and (iii) centered around content IP, provision of professional services such as IP development and operation, and production and distribution of IP derivatives, respectively.

### **Alibaba Holding**

Alibaba Holding 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's mission is to "make it easy to do business anywhere". Alibaba 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 will last for 102 years. Its businesses are comprised of China commerce, International commerce, Local consumer services, Cainiao logistics services, Cloud services, Digital media and entertainment, and Innovation initiatives and others.

## DEFINITIONS

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

<b>“AGH Entities”</b>	Alibaba Holding, its subsidiaries and affiliates (other than the Group) (each, an <b>“AGH Entity”</b> )
<b>“AGH Group Awards”</b>	restricted share units, options or any other equity incentive awards of AGH Entities pursuant to their respective equity incentive plans and/or any other EBC plans
<b>“Ali CV”</b>	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
<b>“Alibaba Holding”</b>	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)
<b>“Board”</b>	board of Directors
<b>“Company”</b>	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)
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Definitive Agreement(s)”</b>	invoice(s), receipt(s) or any other definitive agreement(s)
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EBC”</b>	equity-based compensation

<b>“Framework Agreement”</b>	the framework agreement dated September 29, 2022, entered into between the Company and Alibaba Holding relating to EBC cost allocation and reimbursement
<b>“Group”</b>	the Company and its subsidiaries (each, a <b>“Group Entity”</b> )
<b>“Group Awards”</b>	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
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“IP”</b>	intellectual property
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“percentage ratio(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“PRC” or “China”</b>	the People’s Republic of China
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.25 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary”</b>	has the meaning ascribed to it under the Listing Rules
<b>“%”</b>	per cent

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

Hong Kong, September 29, 2022

As at the date of this announcement, the Board is comprised of Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun as executive Directors, Mr. Liu Zheng as the non-executive Director and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen as independent non-executive Directors.