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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 SHARED SERVICES FRAMEWORK AGREEMENT
AND
THE CLOUD SERVICES FRAMEWORK AGREEMENT

THE SHARED SERVICES FRAMEWORK AGREEMENT

The Board announces that on April 1, 2024, the Company and Alibaba.com, an indirect wholly-owned subsidiary of Alibaba Holding, entered into the Shared Services Framework Agreement, pursuant to which Alibaba.com agreed to procure the Shared Services Providers to provide the Shared Services to the Group, subject to the relevant annual caps.

THE CLOUD SERVICES FRAMEWORK AGREEMENT

The Board further announces that on April 1, 2024, the Company and Alibaba Cloud, an indirect wholly-owned subsidiary of Alibaba Holding, entered into the Cloud Services Framework Agreement, pursuant to which Alibaba Cloud agreed to procure the Cloud Services Providers to provide the Cloud Services to the Group, subject to the relevant annual caps.

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, the wholly-owned subsidiary of Alibaba Investment; and
- (2) each of Alibaba.com and Alibaba Cloud is an indirect wholly-owned subsidiary of Alibaba Holding.

Therefore, each of them is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under each of the Framework Agreements 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 for the transactions contemplated under the Shared Services Framework Agreement, is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

THE SHARED SERVICES FRAMEWORK AGREEMENT

The Board announces that on April 1, 2024, the Company and Alibaba.com, an indirect wholly-owned subsidiary of Alibaba Holding, entered into the Shared Services Framework Agreement, pursuant to which Alibaba.com agreed to procure the Shared Services Providers to provide the Shared Services to the Group, subject to the relevant annual caps.

The principal terms of the Shared Services Framework Agreement are as follows:

Date: April 1, 2024

Parties: (1) the Company, as service user
(2) Alibaba.com, as service provider

Term: Three years commencing from April 1, 2024 and ending on March 31, 2027.

Subject matter and pricing basis

Pursuant to the Shared Services Framework Agreement, Alibaba.com agreed to procure the Shared Service Providers to provide the Shared Services to the Group as follows:

No.	Service items	Pricing basis
(1)	office space and support services	<p>The service fees payable by the Group shall be equal to the invoice amount to be determined based on the fair market price on a pre-tax basis, the area of the office space occupied by the Group and the type of office space and support services required by the Group.</p> <p>The “fair market price” refers to the fair market price charged by any Shared Services Provider to any independent third party for comparable services, provided that the Group will undertake the internal control measures set out in the section headed “INTERNAL CONTROL MEASURES” below to ensure that the abovementioned service fees shall not be higher than the service fees payable by the Group to any independent third party for comparable services.</p>

- (2) business intelligence services
- The service fees payable by the Group shall be calculated based on the actual costs and expenses by adding a mark-up percentage ranging from 0 to 50%.
- The abovementioned actual costs and expenses shall be determined based on all incurred costs relating to analysis reports and statistics products such as labor costs and operation costs.
- (3) operation support, office system utilization and maintenance and Internet information-related services
- The service fees payable by the Group shall be calculated based on the actual costs and expenses by adding a mark-up percentage ranging from 0 to 50%.
- The abovementioned actual costs and expenses shall be calculated based on the product of (i) the average costs of office system utilization and maintenance per user on a cost-sharing basis; and (ii) the actual volume of utilization.
- (4) procurement function support services
- The service fees payable by the Group shall be determined based on the quotation of relevant products and/or services pursuant to the standard agreements to be entered into by the parties from time to time, provided that the fee standards and pricing mechanism of such services shall be no less favourable than those offered by the Shared Services Providers to independent third parties.

- (5) software development and technological services

The service fees payable by the Group shall be calculated based on the actual costs and expenses of software development and technological services by adding a mark-up percentage ranging from 0 to 50%.

The abovementioned actual costs and expenses include, among other costs, staff costs, servers depreciation costs and broadband networks costs.

The parties agreed that once the Shared Services Providers commences providing services of the same or similar nature to its independent third parties, the service fees for service payable by the Group shall be calculated based on the rate of service fees available to those independent third parties for comparable services, subject to adjustment upon mutual agreement, provided that, in any event, the service fees payable by the Group to the Shared Services Providers will not be higher than the fees payable by any independent third party to the same Shared Services Providers for comparable services.

- (6) personnel support

The service fees payable by the Group shall be calculated based on the actual costs and expenses by adding a mark-up percentage ranging from 0 to 50%.

The abovementioned actual costs and expenses include, among other costs, payroll costs and employee fringe benefits.

Payment terms and specific agreements

The Company and the Shared Services Providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the Shared Services Framework Agreement. The terms of such specific agreement(s) must be on normal commercial terms or better.

THE CLOUD SERVICES FRAMEWORK AGREEMENT

The Board further announces that on April 1, 2024, the Company and Alibaba Cloud, an indirect wholly-owned subsidiary of Alibaba Holding, entered into the Cloud Services Framework Agreement, pursuant to which Alibaba Cloud agreed to procure the Cloud Services Providers to provide the Cloud Services to the Group, subject to the relevant annual caps.

The principal terms of the Cloud Services Framework Agreement are as follows:

Date: April 1, 2024

Parties: (1) the Company, as service user
(2) Alibaba Cloud, as service provider

Term: Three years commencing from April 1, 2024 and ending on March 31, 2027.

Subject matter and pricing basis

Pursuant to the Cloud Services Framework Agreement, Alibaba Cloud agreed to procure the Cloud Services Providers to provide the Cloud Services to the Group as follows:

No.	Service items	Pricing basis
(1)	the Cloud Resources Services	<p>The service fees payable by the Group shall be calculated with reference to fair market price under the same conditions, or paid according to the service provider's bill for the abovementioned service.</p> <p>The "fair market price" refers to the fair market price charged by any Cloud Service Provider to any independent third party for comparable services, provided that the Group will undertake the internal control measures set out in the section headed "INTERNAL CONTROL MEASURES" below to ensure that the related service shall be calculated in a manner equal to (or better than) the fee standards and calculations provided to independent third parties.</p>

- (2) the Cloud Communication Services The service fees payable by the Group shall be calculated based on the product of (i) the fair market price of each instant message; (ii) a discount rate ranging from 0 to 50%; and (iii) actual number of instant messages sent.

The “fair market price” refers to the fair market price charged by any Cloud Service Provider to any independent third party for comparable services, provided that the Group will undertake the internal control measures set out in the section headed “INTERNAL CONTROL MEASURES” below to ensure that the related service shall be calculated in a manner equal to (or better than) the fee standards and calculations provided to independent third parties.

Payment terms and specific agreements

The Company and the Cloud Services Providers may, subject to the relevant annual caps, from time to time enter into specific agreement(s) to set out detailed terms (including payment terms) of the transactions contemplated under the Cloud Services Framework Agreement. The terms of such specific agreement(s) must be on normal commercial terms or better.

INTERNAL CONTROL MEASURES

In connection with the abovementioned pricing basis, the Group has adopted the following internal control measures to monitor the transactions contemplated under each of the Framework Agreements such that the fees payable to the Shared Services Providers and the Cloud Services Providers will be fair and reasonable:

- (i) the business operation department of the Company will from time to time review the price list issued publicly by the Shared Services Providers and the Cloud Services Providers, and obtain relevant confirmation from the Shared Services Providers and the Cloud Services Providers on such published price, to ensure the service fees chargeable by the Shared Services Providers and the Cloud Services Providers are no less favourable than those offered to independent third parties;

- (ii) the business operation department of the Company will from time to time (i) check (or obtain) and compare the fee standards for the same type of general shared services and cloud-based services provided by two or more independent service providers to ensure that the related services of the Shared Services Providers and the Cloud Services Providers shall be calculated in a manner equal to (or better than) the fee standards and calculations provided to independent service providers; and (ii) perform spot checks to ensure the relevant services fees for each service items are calculated on a cost-plus basis, if applicable, and such mark-up percentage is commensurate with the level of service effectiveness;
- (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 Share Services Providers and the Cloud Services Providers regarding the costs and expenses incurred by the Group; (b) monitor the transaction amounts in respect of the Shared Services and the Cloud 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 Shared Services Providers and the Cloud Services Providers under the Shared Services Framework Agreement and the Cloud Services Framework Agreement, respectively, 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 each of the Framework Agreements 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;
- (v) the Company's auditors will conduct annual review on the pricing basis and the annual caps under each of the Framework Agreements 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.

ANNUAL CAPS AND DETERMINATION OF ANNUAL CAPS

The annual caps for the services fees payable by the Group under the Shared Services Framework Agreement are fixed at RMB82,000,000, RMB89,000,000 and RMB94,000,000 for the three financial years ending March 31, 2025, 2026 and 2027, respectively. Such annual caps are determined with reference to (i) the historical transaction amounts of approximately RMB80,284,000, RMB99,667,000 and RMB130,599,000 for similar transactions with Alibaba Holding and/or its affiliates for the two financial years ended March 31, 2022 and 2023 and the eleven months ended February 29, 2024; (ii) the estimated total service fees payable by the Group to the Shared Services Providers under the Shared Services Framework Agreement for the three financial years ending March 31, 2027, with reference to estimates on usage pattern, volume, demands of the Group's business for the relevant services, the current salaries and benefits to which relevant supporting staff are entitled, as well as a certain buffer for potential increment in service fees chargeable by the service providers.

The annual caps for the services fees payable by the Group under the Cloud Services Framework Agreement are fixed at RMB50,000,000, RMB55,000,000 and RMB60,000,000 for the three financial years ending March 31, 2025, 2026 and 2027, respectively. Such annual caps are determined with reference to (i) the historical transaction amounts of approximately RMB6,540,000, RMB20,600,000 and RMB38,820,000 for similar transactions with Alibaba Holding and/or its affiliates for the two financial years ended March 31, 2022 and 2023 and the eleven months ended February 29, 2024; (ii) the estimated total service fees payable by the Group to the Cloud Services Providers under the Cloud Services Framework Agreement for the three financial years ending March 31, 2027, with reference to estimates on usage pattern, volume, demands of the Group's business for the relevant services, as well as a certain buffer for potential increment in service fees chargeable by the service providers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

The entering into of the Framework Agreements will enable the Group to continue to improve and streamline its business operations. Over the years, Alibaba Group has been providing the Company and its affiliates with general shared services and the cloud-specific services as contemplated under the Framework Agreements. It is expected that the Shared Services Providers and the Cloud Services Providers will separately be able to leverage on Alibaba Group's familiarity with the Group's business requirements and to provide reliable and timely services for the Group's business operations.

Since each of Alibaba.com and Alibaba Cloud operates as a separate and independent business unit under Alibaba Holding, by entering into the Shared Services Framework Agreement and the Cloud Services Framework Agreement, the Group will benefit from a clear delineation of service capabilities in respect of general shared services and cloud-specific services with enhanced service effectiveness, which will in turn optimize the Group's contract management and internal control system.

Further, the entering into of the Framework Agreements will allow the Company to continue to leverage on the mature infrastructure and coverage already built by Alibaba Group and promote better cooperation between Alibaba Group and the Group, thereby reducing the transaction costs to achieve more profits and competitive advantage.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Agreements and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better and that the entering into of the Framework Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests 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, the wholly-owned subsidiary of Alibaba Investment; and
- (2) each of Alibaba.com and Alibaba Cloud is an indirect wholly-owned subsidiary of Alibaba Holding.

Therefore, each of them is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under each of the Framework Agreements 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 for the transactions contemplated under the Shared Services Framework Agreement, is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios calculated with reference to the highest annual cap for the transactions contemplated under the Cloud Services Framework Agreement, is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review 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 each of the Framework Agreements. Accordingly, they have abstained from voting on the related Board resolutions. Other than those Directors, no other Directors have a material interest in the Framework Agreements 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 four major segments: film investment, production, promotion and distribution, film ticketing and technology platform, drama series production and IP merchandising and innovative initiatives.

Alibaba Holding, Alibaba.com and Alibaba Cloud

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.

Alibaba.com, being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding, is principally engaged in provision of management, business consultation, finance and legal advisory services.

Alibaba Cloud, being a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding, is principally engaged in provision of cloud computing 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.com”	Alibaba.com China Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Alibaba Holding
“Alibaba Cloud”	Alibaba Cloud (Singapore) Private Limited, a company incorporated in Singapore and an indirect wholly-owned subsidiary of Alibaba Holding
“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
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors

“Cloud Communication Services”	cloud communication services whereby content-specific instant messages are delivered to designated user terminals at the direction of service users
“Cloud Resource Services”	cloud resource services including, among other services, elastic computing service, relational database service, open storage service, object storage service, load balance service, open cache service, open table service, open data processing service, elastic high performance computing service, content network delivery, email-related service and simple log service
“Cloud Services”	collectively, the Cloud Resource Services and Cloud Communication Services
“Cloud Services Framework Agreement”	the cloud services framework agreement entered into between the Company and Alibaba Cloud on April 1, 2024 with respect to the provision of the Cloud Services by the Cloud Services Providers to the Group
“Cloud Services Providers”	Alibaba Cloud and its subsidiaries and associates, and each a “Cloud Services Provider”
“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
“Framework Agreements”	collectively, the Shared Services Framework Agreement and the Cloud Services Framework Agreement

“Group”	the Company and its subsidiaries
“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
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China” or “Mainland China”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“Shared Services”	service items (1) to (6) as listed under the section headed “THE SHARED SERVICES FRAMEWORK AGREEMENT – Subject matter and pricing basis” in this announcement
“Shared Services Framework Agreement”	the shared services framework agreement entered into between the Company and Alibaba.com on April 1, 2024 with respect to the provision of the Shared Services by the Shared Services Providers to the Group
“Shared Services Providers”	Alibaba.com and its subsidiaries and associates, and each a “Shared Services Provider”
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“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, April 1, 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*