

*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)

## **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE RENEWED SHARED SERVICES AGREEMENT**

Reference is made to the announcement (the “Announcement”) of Alibaba Pictures Group Limited (the “Company”) dated December 31, 2018 in relation to the Renewed Shared Services Agreement. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

### **REVISION OF ANNUAL CAPS UNDER THE RENEWED SHARED SERVICES AGREEMENT**

Having taken into account the growth of the business and the needs for future expansion of the Group, the Board considers that the Group requires more office space and support services. Accordingly, the Company anticipates that the maximum transaction amounts under the Renewed Shared Services Agreement would exceed the existing annual caps for each of the two financial years ending March 31, 2020 and 2021 as disclosed in the Announcement. Hence, the Company and AGH entered into a supplemental agreement (the “Supplemental Agreement”) on September 20, 2019 to revise the existing annual caps in respect of the service fees payable by the Group (inclusive of any applicable tax) for each of the two financial years ending March 31, 2020 and 2021 under the Renewed Shared Services Agreement to RMB76 million and RMB87 million respectively.

Save for the aforesaid revision of the annual caps, all other terms and conditions of the Renewed Shared Services Agreement remain substantially unchanged.

## **BASIS FOR THE REVISED ANNUAL CAPS**

The revised annual caps on the service fees payable by the Group under the Renewed Shared Services Agreement and the Supplemental Agreement are determined with reference to the following factors:

- (1) the total historical transaction amounts paid/ payable by the Group under the Original Shared Services Agreement and the Transitional Arrangement Agreement to AGH or its Affiliates for the 12-month period from December 31, 2017 to December 30, 2018, and the Renewed Shared Services Agreement for the 6-month period from December 31, 2018 to June 30, 2019 were approximately RMB46,423,000 and RMB23,160,000, respectively;
- (2) the estimated total transaction amounts payable by the Group under the Renewed Shared Services Agreement to AGH or its Affiliates for each of the two financial years ending March 31, 2020 and 2021 with reference to estimates on usage pattern, volume, demand of the Relevant Business for the relevant services, the current salaries and benefits that the relevant supporting staff are entitled to, and a certain buffer for potential increment in service fees chargeable by the service providers; and
- (3) the projected increase in the estimated total transaction amounts payable by the Group with respect to the additional office space and support services under the Renewed Shared Services Agreement to AGH or its Affiliates for each of the two financial years ending March 31, 2020 and 2021.

Save as disclosed above, the pricing basis and the payment terms under the Renewed Shared Services Agreement remain unchanged.

## **REASONS FOR AND BENEFITS OF REVISION OF ANNUAL CAPS UNDER THE RENEWED SHARED SERVICES AGREEMENT**

Having taken into account the growth of the business and the needs for future expansion of the Group, the Board considers that the Group requires more office space and support services. Alibaba Group has been providing to the Company and its Affiliates such services for the Relevant Business contemplated under the Original Shared Services Agreement and the Renewed Shared Services Agreement. Alibaba Group is familiar with the Relevant Business' requirements and is able to provide reliable and timely services for the Relevant Business. In addition, the entering into of the Supplemental Agreement 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. Hence, the revision of annual caps with respect to the service fees under the Renewed Shared Services Agreement is necessary.

The terms of the Supplemental Agreement are a result of arm's length negotiations between the Company and AGH, and are no more favourable to AGH, nor are they any less favourable to the Group, than those available from or to independent third parties.

Having reviewed the terms of the Supplemental Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement and the revised annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and that the entering into of the Supplemental 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.

As each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang is an employee of AGH or its subsidiaries, he/she is deemed or may be perceived to have a material interest in the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps). Accordingly, each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang has abstained from voting on the resolution(s) passed by the Board in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps). Save as the aforesaid, none of the other Directors has a material interest in the Supplemental Agreement and the transactions contemplated thereunder (including the revised annual caps), and therefore none of them has abstained from voting on the said resolution(s) passed by the Board.

## **LISTING RULES IMPLICATIONS**

AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 50.65% of the issued share capital of the Company as at the date of this announcement. Accordingly, AGH is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Shared Services Agreement, the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the annual cap(s) for continuing connected transaction(s), it is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transaction(s).

As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the revised annual caps under the Supplemental Agreement, and (ii) the annual caps and the expected maximum annual service fees of transactions under the Alifish Technology Services Agreement and the Renewed Technology Services Agreement which shall be aggregated with those under the Renewed Shared Services Agreement (as supplemented and amended by the Supplemental Agreement) as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules (as disclosed in the Announcement), are more than 0.1% but less than 5%, the entering into of the Renewed Shared Services Agreement (as supplemented and amended by the Supplemental Agreement) is subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE COMPANY**

The Company is listed on both 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 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 online-to-offline (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 film 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 AND ALIBABA GROUP**

AGH is a company incorporated in the Cayman Islands and its American depository shares are listed on the New York Stock Exchange (stock code: BABA).

Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

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

Hong Kong, September 20, 2019

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