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阿里巴巴·影业集团™
Alibaba·Pictures
Alibaba Pictures Group Limited
阿里巴巴影業集團有限公司

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

(1) CONTINUING CONNECTED TRANSACTIONS - PROCUREMENT FRAMEWORK AGREEMENT RELATING TO MOVIE TICKETS PRE-SALE CODES AND CASH VOUCHERS AND (2) CONNECTED TRANSACTIONS - PROCUREMENT AGREEMENTS RELATING TO MOVIE TICKETS PRE-SALE CODES

PROCUREMENT FRAMEWORK AGREEMENT

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Financial (for itself and on behalf of its subsidiaries) entered into the Procurement Framework Agreement on August 1, 2018 for a term commencing from the date of the Procurement Framework Agreement (i.e. August 1, 2018) and ending on March 31, 2019. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell the Pre-sale Codes and/or the Cash Vouchers relating to movie tickets to Ant Financial or any of its subsidiaries, subject to the annual cap of RMB50,000,000.

PROCUREMENT AGREEMENTS

The Board further announces that Hangzhou Aurora also entered into:

(1) the Procurement Agreement I with Ant Shengxin, a wholly-owned subsidiary of Ant Financial, on July 10, 2018, pursuant to which Hangzhou Aurora agreed to sell, and Ant Shengxin agreed to purchase, 12,000 Pre-sale Codes relating to specific movie tickets at a total consideration of RMB384,000 (tax inclusive); and

(2) the Procurement Agreement II with Alipay, a wholly-owned subsidiary of Ant Financial, on July 11, 2018, pursuant to which Hangzhou Aurora agreed to sell, and Alipay agreed to purchase, 62,500 Pre-sale Codes relating to specific movie tickets at a total consideration of RMB2,000,000 (tax inclusive).

LISTING RULES IMPLICATIONS

Both Ant Shengxin and Alipay are wholly-owned subsidiaries of Ant Financial which together with its subsidiaries were deemed as connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, each of Ant Financial, Ant Shengxin and Alipay has been deemed as a connected person of the Company since July 2017.

The entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Procurement Framework Agreement are more than 0.1% but less than 5%, the entering into of the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into of the Procurement Agreement I and the Procurement Agreement II and the transaction contemplated thereunder constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the total consideration for the transaction contemplated under the Procurement Agreement I, (ii) the total consideration for the transaction contemplated under the Procurement Agreement II or (iii) the aggregate sum of the total consideration under the Procurement Agreements are less than 0.1%, the entering into of the Procurement Agreements and the transactions contemplated thereunder (whether individually or in aggregate) were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

In addition, as the transactions contemplated under the Procurement Framework Agreement and the Procurement Agreements are of a similar nature and have been entered into by the Group with Ant Financial or its subsidiaries within a 12-month period, the transactions contemplated under the Procurement Framework Agreement and the Procurement Agreements shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

All applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the annual cap under the Procurement Framework Agreement and (ii) the total consideration under the Procurement Agreements, when aggregated, are less than 5%.

1. INTRODUCTION

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Financial (for itself and on behalf of its subsidiaries) entered into the Procurement Framework Agreement on August 1, 2018 for a term commencing from the date of the Procurement Framework Agreement (i.e. August 1, 2018) and ending on March 31, 2019. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell the Pre-sale Codes and/or the Cash Vouchers relating to movie tickets to Ant Financial or any of its subsidiaries, subject to the annual cap of RMB50,000,000.

The Board further announces that Hangzhou Aurora also entered into:

(1) the Procurement Agreement I with Ant Shengxin, a wholly-owned subsidiary of Ant Financial, on July 10, 2018, pursuant to which Hangzhou Aurora agreed to sell, and Ant Shengxin agreed to, purchase 12,000 Pre-sale Codes relating to specific movie tickets at a total consideration of RMB384,000 (tax inclusive); and

(2) the Procurement Agreement II with Alipay, a wholly-owned subsidiary of Ant Financial, on July 11, 2018, pursuant to which Hangzhou Aurora agreed to sell, and Alipay agreed to purchase, 62,500 Pre-sale Codes relating to specific movie tickets at a total consideration of RMB2,000,000 (tax inclusive).

2. PRINCIPAL TERMS OF THE PROCUREMENT FRAMEWORK AGREEMENT AND THE PROCUREMENT AGREEMENTS

2.1 PROCUREMENT FRAMEWORK AGREEMENT

Date: August 1, 2018

Parties: (1) Hangzhou Aurora, as seller

(2) Ant Financial (for itself and on behalf of its subsidiaries), as purchaser

Term: the period commencing from August 1, 2018 and ending on March 31, 2019

Subject matter

Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell the Pre-sale Codes and the Cash Vouchers relating to movie tickets to Ant Financial or any of its subsidiaries.

Basis of determination of the purchase prices of Pre-sale Codes and Cash Vouchers

The purchase price chargeable by Hangzhou Aurora to Ant Financial or any of its subsidiaries for the Pre-sale Codes shall be calculated on the basis of the actual costs and expenses of Hangzhou Aurora for the sale of the Pre-sale Codes plus a reasonable amount of profit. The final purchase price will be determined after arm's length negotiations between the parties with reference to a series of factors for a particular purchase, such as, the purchase quantity and purpose, distribution channel, target users, the maximum price for redeeming movie tickets and the range of movies available for redemption. In any event, the final purchase price for the Pre-Sale Codes will not be more favourable than the price chargeable by Hangzhou Aurora to any independent third party based on the same factors.

The purchase price chargeable by Hangzhou Aurora to Ant Financial or any of its subsidiaries for the Cash Vouchers shall be calculated based on the face value of the Cash Vouchers. A discount will be given to Ant Financial or the relevant subsidiary of Ant Financial after arm's length negotiations between the parties with reference to a series of factors with respect to a

particular purchase, such as the purchase quantity and purpose, distribution channel, target users and the range of movies available for redemption. In any event, the final purchase price for the Cash Vouchers will not be more favourable than the price chargeable by Hangzhou Aurora to any independent third party based on the same factors.

Annual cap

The Board has determined the annual cap for the sale of the Pre-sale Codes and the Cash Vouchers under the Procurement Framework Agreement for the period commencing from August 1, 2018 and ending on March 31, 2019 to be fixed at RMB50,000,000.

The above-mentioned annual cap is determined with reference to (i) the actual transaction amounts under the Procurement Agreements, (ii) the expected procurement needs of Ant Financial and/or its subsidiaries during the term of the Procurement Framework Agreement, during which there will be four box office peak seasons, namely the PRC National Day holiday, the Christmas holiday, the New Year holiday and the Lunar New Year holiday, and (iii) the certain percentage of buffer for the increase in potential procurement demands during the said peak seasons.

Payment terms

The purchase price payable by Ant Financial or the relevant subsidiary of Ant Financial to Hangzhou Aurora shall be settled pursuant to the payment terms set out in the specific procurement agreements to be entered into between the parties.

2.2 PROCUREMENT AGREEMENT I

Date: July 10, 2018

Parties: (1) Hangzhou Aurora, as seller

(2) Ant Shengxin, as purchaser

Subject matter

Pursuant to the Procurement Agreement I, Hangzhou Aurora agreed to sell, and Ant Shengxin agreed to purchase, 12,000 Pre-sale Codes relating to movie tickets.

Consideration and basis of determination

The total consideration paid by Ant Shengxin for the sale of the Pre-sale Codes under the Procurement Agreement I was RMB384,000 (tax inclusive). It was determined after arm's length negotiations between Hangzhou Aurora and Ant Shengxin based on the actual costs and expenses of Hangzhou Aurora for the sale of the Pre-sale Codes plus a reasonable amount of profit and with reference to the purchase quantity and purpose, distribution channel, target users and the maximum price for redeeming specific movie tickets.

Payment Terms

The total consideration for the sale of the Pre-sale Codes to Ant Shengxin was settled in cash by Ant Shengxin on July 10, 2018.

2.3 PROCUREMENT AGREEMENT II

Date: July 11, 2018

Parties: (1) Hangzhou Aurora, as seller

(2) Alipay, as purchaser

Subject matter and consideration

Pursuant to the Procurement Agreement II, Hangzhou Aurora agreed to sell, and Alipay agreed to purchase, 62,500 Pre-sale Codes relating to movie tickets.

Consideration and basis of determination

The total consideration paid by Alipay for the sale of the Pre-sale Codes under the Procurement Agreement II was RMB2,000,000 (tax inclusive). It was determined after arm's length negotiations between Hangzhou Aurora and Alipay based on the actual costs and expenses of Hangzhou Aurora for the sale of the Pre-sale Codes plus a reasonable amount of profit and with reference to the purchase quantity and purpose, distribution channel, target users and the maximum price for redeeming specific movie tickets.

Payment Terms

The consideration for the sale of the Pre-sale Codes to Alipay was settled in cash by Alipay on July 11, 2018.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT FRAMEWORK AGREEMENT AND THE PROCUREMENT AGREEMENTS

The business of Tao Piao Piao (the Group's online ticketing platform) is comparatively seasonal. During the second half of the current financial year, there will be four peak seasons to generate box office revenues, namely the PRC National Day holiday, the Christmas holiday, the New Year holiday and the Lunar New Year holiday. Given the satisfactory cooperation between the Group and two subsidiaries of Ant Financial (in particular with Alipay, one of the largest third-party digital payment solution providers in the world) under the Procurement Agreements, the Group believes that the entering into of the Procurement Framework Agreement and its continuing to maintain and expand its similar cooperation with Ant Financial and its subsidiaries shall greatly promote the development of the Group's online ticketing business by leveraging on the solid user base of Ant Financial. It is expected that the Group will further explore its cooperation opportunities with Ant Financial on the basis of mutual benefit in the future.

Having reviewed the terms of the Procurement Framework Agreement and the Procurement Agreements, the Directors (including the independent non-executive Directors) are of the view that the terms of the Procurement Framework Agreement and the Procurement Agreements and the relevant annual cap/considerations are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering into of the Procurement Framework Agreement and the Procurement Agreements 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.

4. LISTING RULES IMPLICATIONS

Both Ant Shengxin and Alipay are wholly-owned subsidiaries of Ant Financial which together with its subsidiaries were deemed as connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, each of Ant Financial, Ant Shengxin and Alipay has been deemed as a connected person of the Company since July 2017.

The entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Procurement Framework Agreement are more than 0.1% but less than 5%, the entering into of the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into of the Procurement Agreement I and the Procurement Agreement II and the transaction contemplated thereunder constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the total consideration for the transaction contemplated under the Procurement Agreement I, (ii) the total consideration for the transaction contemplated under the Procurement Agreement II or (iii) the aggregate sum of the total consideration under the Procurement Agreements are less than 0.1%, the entering into of the Procurement Agreements and the transactions contemplated thereunder (whether individually or in aggregate) were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

In addition, as the transactions contemplated under the Procurement Framework Agreement and the Procurement Agreements are of a similar nature and have been entered into by the Group with Ant Financial or any of its subsidiaries within a 12-month period, the transactions contemplated under the Procurement Framework Agreement and the Procurement Agreements shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

All applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the annual cap under the Procurement Framework Agreement and (ii) the total consideration under the Procurement Agreements, when aggregated, are less than 5%.

Mr. Fan Luyuan, the chairman of the Board and the chief executive officer of the Company, who was the president of Alipay Business Unit and Wealth Management Business Unit at Ant Financial in the last twelve months as at the date of the passing of resolutions by the Board in relation to the Procurement Framework Agreement and the Procurement Agreements is deemed or may be perceived to have a material interest in the Procurement Framework Agreement, the relevant annual cap, the Procurement Agreements and the transactions contemplated thereunder. Accordingly, he has abstained from voting on the resolutions passed by the Board in relation to the Procurement Framework Agreement, the relevant annual cap, the Procurement Agreements and the transactions contemplated thereunder. Save as the aforesaid Director, none of the Directors has a material interest in the Procurement Framework Agreement, the relevant annual cap, the Procurement Agreements and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the relevant resolutions passed by the Board.

5. INFORMATION ON THE COMPANY AND HANGZHOU AURORA

The Company is listed on both the Stock Exchange (stock code: 1060) and the Singapore Exchange Securities Trading Limited (stock code: S91). As the flagship unit of Alibaba Group's entertainment arm, 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 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.

Hangzhou Aurora, being a company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company, is principally engaged in the operation of a leading online ticketing platform - Tao Piao Piao in the PRC.

6. INFORMATION ON ANT FINANCIAL, ANT SHENGXIN AND ALIPAY

Ant Financial is a company incorporated in the PRC. Ant Financial provides digital payment services and other financial and value-added services to consumers and small and medium sized enterprises in the PRC and across the world, such as payment, wealth management, lending, insurance and credit system. Ant Financial leverages its customer insights and technologies to help financial institutions, independent software vendors and other partners on its platform to enhance experience of their users and improve their risk management capabilities.

Ant Shengxin, being a company established in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial, is principally engaged in provision of information technology services.

Alipay, a limited liability company incorporated 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:

"AGH"	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and the American depositary shares of which are listed on the New York Stock Exchange
"Alibaba Group"	AGH and its subsidiaries
"Alipay"	支付寶（中國）網絡技術有限公司 (Alipay.com Co., Ltd.*), a company incorporated 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, which together with its subsidiaries have been deemed by the Stock Exchange as connected persons of the Company
"Ant Shengxin"	螞蟻勝信（上海）信息技術有限公司 (Ant Shengxin (Shanghai) Information Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
"Board"	the board of Directors
"Cash Voucher(s)"	the electronic cash voucher(s) used for purchasing electronic movie tickets on the online ticketing platform – Tao Piao Piao operated by Hangzhou Aurora by deducting the face value of such voucher(s), subject to payment of the shortfall of ticket prices at the time of selection of seating
"Company"	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 with stock code 1060, which also has a secondary listing on the Singapore Exchange Securities Trading Limited (stock code: S91)

"connected person(s)"	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hangzhou Aurora "	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 and an indirect non-wholly-owned subsidiary of the Company
"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
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
"Pre-sale Code(s)"	the codes used for redemption of electronic movie tickets and selection of seating on the online ticketing platform – Tao Piao Piao operated by Hangzhou Aurora without any further payment
"Procurement Agreement I"	the procurement agreement entered into between Hangzhou Aurora and Ant Shengxin on July 10, 2018 relating to the sale of the Pre-Sale Codes, the entering into of which constituted a de minimis connected transaction of the Company under chapter 14A of the Listing Rules at the time of signing
"Procurement Agreement II"	the procurement agreement entered into between Hangzhou Aurora and Alipay on July 11, 2018 relating to the sale of the Pre-Sale Codes, the entering into of which constituted a de minimis connected transaction of the Company under chapter 14A of the Listing Rules at the time of signing

"Procurement Agreements"	the Procurement Agreement I and the Procurement Agreement II
"Procurement Framework Agreement"	the procurement agreement entered into between Hangzhou Aurora and Ant Financial (for itself and on behalf of its subsidiaries) on August 1,2018 for a term commencing from August 1, 2018 and ending on March 31, 2019 relating to the sale of the Pre-Sale Codes and the Cash Vouchers
"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
"%"	per cent.

* *For identification purpose only*

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

Hong Kong, August 1, 2018

As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Yu Yongfu and Ms. Zhang Wei, being the executive directors; Mr. Li Lian Jie and Mr. Shao Xiaofeng, being the non-executive directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive directors.