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(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

CONTINUING CONNECTED TRANSACTION – ENTRY INTO MARKETING COOPERATION FRAMEWORK AGREEMENT

MARKETING COOPERATION FRAMEWORK AGREEMENT

The Board announces that, on April 20, 2018 (after trading hours), Beijing Asian Union, a consolidated subsidiary of the Company, entered into the Marketing Cooperation Framework Agreement with Alimama and Youku Tudou, both subsidiaries of AGH. Pursuant to the Marketing Cooperation Framework Agreement, the Group (as agent for and on behalf of its clients) may enter into specific marketing agreements with Alimama and/or Youku Tudou to procure online advertising and relevant services from Alimama and/or Youku Tudou at pre-determined discount rates, subject to the Annual Cap.

LISTING RULES IMPLICATIONS

Alimama and Youku Tudou are both subsidiaries of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 49.03% of the issued share capital of the Company as at the date of this announcement. Accordingly, each of Alimama and Youku Tudou is an associate of Ali CV and hence a connected person of the Company. The entering into of the Marketing Cooperation 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 Services under the Marketing Cooperation Framework Agreement are more than 0.1% but less than 5%, the entering into of the Marketing Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

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MARKETING COOPERATION FRAMEWORK AGREEMENT

Date

April 20, 2018

Parties

- (1) Beijing Asian Union, a consolidated subsidiary of the Company;
- (2) Alimama, an indirect wholly-owned subsidiary of AGH and a connected person of the Company; and
- (3) Youku Tudou, a consolidated entity of AGH and a connected person of the Company.

Term

The term of the transactions contemplated under the Marketing Cooperation Framework Agreement shall commence on the Effective Date and end on March 31, 2019.

Subject Matter

Alimama and Youku Tudou are providers of online advertising and relevant services (through operation of its own online platform/channels and strategic cooperation with other online platforms/channels), while the Group engages in the business of, among others, advertising agency.

Pursuant to the Marketing Cooperation Framework Agreement, the Group (as agent for and on behalf of its clients) may enter into specific marketing agreements with Alimama and/or Youku Tudou to procure online advertising and relevant services from Alimama and/or Youku Tudou at pre-determined discount rates.

The online advertising and relevant services to be procured by the Group from Alimama and/or Youku Tudou include, but not limited to, video advertisements, banners advertisements, button advertisements, text link advertisements, floating advertisements, full screen advertisements, advertisements through streaming, content marketing as well as online and offline marketing.

Pricing Basis

The fees payable by the Group (as agent for and on behalf of its clients) for procurement of the Services from Alimama and/or Youku Tudou under the Marketing Cooperation Framework Agreement is calculated based on the actual usage of the Services by the clients of the Group measured by the number of days for which relevant advertisement has been placed and displayed, and/or the amount of exposure of the relevant advertisement, on the online/digital platforms and channels of Alimama and/or Youku Tudou, and the published standard service fee at a pre-determined discount rate generally offered by Alimama or Youku Tudou to independent third parties in respect of comparable services, and with reference to the specific location or the space at which the relevant advertisement is placed or displayed and other specific requirements on the Services based on the needs of the clients of the Group.

In accordance with the terms of the Marketing Cooperation Framework Agreement, the Group will be entitled to special discounts. Such special discounts shall be calculated based on the actual Purchase Amount at a pre-determined discount rate and shall be directly deducted from any outstanding Purchase Amount to be paid by the Group to Alimama or Youku Tudou.

Payment Term

Depending on the specific nature of the Services, the Group shall settle the Purchase Amount (i) by advanced payment; (ii) by instalments; or (iii) by payment in full within 90 days from the Last Broadcast Day.

Annual Cap

The Annual Cap of the Services under the Marketing Cooperation Framework Agreement during the Term is RMB45,000,000, which is determined with reference to (i) the increasing online marketing needs of the clients of the Group's movie ticketing platform - Tao Piao Piao (mainly film promotion and distribution companies), (ii) the expected rate of usage and demand for the Services during the Term, with an additional buffer of a certain percentage on top to provide for operational flexibility and potential increment in the transaction volume.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARKETING COOPERATION FRAMEWORK AGREEMENT

Internet and technology have continued to penetrate into everyone's life. They have propelled connectivity and information dissemination to unprecedented levels. As the domestic film industry continues to grow, film distribution and marketing companies have an increasing need for online advertising and digital marketing. The Group strives to meet these needs and offer the best all-around services to them. Therefore, in addition to making available Tao Piao Piao for online advertising and digital marketing, the Group plans to work also with Alimama and Youku Tudou. Alimama is a leading company specialized in online advertising and digital marketing, with strong operating track record and large client base. Youku Tudou conducts the advertising business of Youku, which is one of the leading online video streaming websites in China. By collaborating with these two entities under Alibaba Group, the Group believes that it can offer the most competitive and comprehensive digital marketing services to the film industry.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Marketing Cooperation Framework Agreement are expected to be entered into in the ordinary and usual course of business of the Company, on normal commercial terms or better to the Company after arm's length negotiations between the parties, and the terms of those transactions together with the Annual Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Alimama and Youku Tudou are both subsidiaries of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 49.03% of the issued share capital of the Company as at the date of this announcement. Accordingly, each of Alimama and Youku Tudou is an associate of Ali CV and hence a connected person of the Company. The entering into of the Marketing Cooperation 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 Services under the Marketing Cooperation Framework Agreement are more than 0.1% but less than 5%, the entering into of the Marketing Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Yu Yongfu and Mr. Shao Xiaofeng are employees of AGH or its subsidiaries, while Mr. Fan Luyuan is currently a member of the management committee of Alibaba Digital Media & Entertainment Group of which Youku Tudou is a member, each of them is deemed or may be perceived to have a material interest in the Marketing Cooperation Framework Agreement, the Annual Cap and the transactions contemplated under the Marketing Cooperation Framework Agreement. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to the Marketing Cooperation Framework Agreement, the Annual Cap and the transactions contemplated under the Marketing Cooperation Framework Agreement. Save as the aforesaid Directors, none of the other Directors has a material interest in the Marketing Cooperation Framework Agreement, the Annual Cap and the transactions contemplated under the Marketing Cooperation Framework Agreement, and therefore none of them has abstained from voting on the said resolutions passed by the Board.

INFORMATION ON THE COMPANY AND BEIJING ASIAN UNION

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.

Beijing Asian Union, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in production and distribution of films, production of broadcasting and television programmes, performance brokerage, advertising services, etc.

INFORMATION ON AGH, ALIBABA GROUP, ALIMAMA AND YOUKU TUDOU

AGH is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange.

Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of gross merchandise volume in the twelve months ended March 31, 2017. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses that provide products, services and digital content to leverage the power of the Internet to engage with their users and customers. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

Alimama, being a company established in the PRC, is an indirect wholly-owned subsidiary of AGH. Alimama operates Alibaba Group's marketing technology platform, through which it provides the publisher-side serving and demand-side functionalities for merchants and brands to place various marketing formats on Alibaba Group's marketplaces and other third-party properties.

Youku Tudou, being a company established in the PRC, is a consolidated entity of AGH which is principally engaged in advertising agency, advertising production and distribution, programme production, copyright procurement or distribution.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“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
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, a wholly-owned subsidiary of Alibaba Investment Limited and an indirect wholly-owned subsidiary of AGH
“Alibaba Group”	AGH and its subsidiaries

“Annual Cap”	has the meaning ascribed to the term under the section headed “MARKETING COOPERATION FRAMEWORK AGREEMENT – Annual Cap”
“Alimama”	杭州阿里媽媽軟件服務有限公司 (Hangzhou Alimama Software Services Co., Ltd.*) , a company established in the PRC and an indirect wholly-owned subsidiary of AGH
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Asian Union”	北京中聯華盟文化傳媒投資有限公司 (Beijing Asian Union Culture Media Investment Co., Ltd.*) , a company established under the laws of the PRC and a consolidated subsidiary of the Company
“Board”	the board of Directors
“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 it under the Listing Rules
“Directors”	the directors of the Company
“Effective Date”	the effective date of the Marketing Cooperation Framework Agreement (i.e. April 20, 2018)
“Marketing Cooperation Framework Agreement”	the business cooperation agreement entered into between Beijing Asian Union, Alimama and Youku Tudou on April 20, 2018 in relation to the procurement of the Services
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Broadcast Day”	the last day on which an advertisement placed by the Company is broadcast on a platform
“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

“Purchase Amount”	the amount to be paid by the Group for its procurement of the Services applying the pre-determined discount rates as set out in the section headed “MARKETING COOPERATION FRAMEWORK AGREEMENT – Subject Matter”
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the online advertising and relevant services provided by Alimama and Youku Tudou pursuant to the Marketing Cooperation Framework Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Term”	has the meaning ascribed to the term under the section headed “MARKETING COOPERATION FRAMEWORK AGREEMENT – Term”
“Youku Tudou”	上海全土豆文化傳播有限公司 (Shanghai Quan Toodou Cultural Communication Co., Ltd. *), a company established in the PRC and a consolidated entity of AGH
“%”	per cent

* For identification purposes only

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

Hong Kong, April 20, 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. Shao Xiaofeng and Mr. Li Lian Jie, being the non-executive directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive director.