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**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN
GUANGDONG YUEKE SOFTWARE ENGINEERING COMPANY LIMITED
AND RESUMPTION OF TRADING**

MAJOR TRANSACTION

中聯盛世文化（北京）有限公司 (Zhong Lian Sheng Shi Culture (Beijing) Company Limited) (the “**Purchaser**”) is a wholly foreign-owned enterprise established in the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company. 廣東粵科軟件工程有限公司 (Guangdong Yueke Software Engineering Company Limited) (the “**Target Company**”) is a company incorporated in the PRC with limited liability, and is one of the largest suppliers of cinema ticketing systems in the PRC.

On April 17, 2015, the Purchaser participated in the PRC open bidding process conducted by 南方聯合產權交易中心 (Southern United Assets & Equity Exchange) (the “**Equity Exchange**”) for the acquisition of the entire equity interests of the Target Company (the “**Acquisition**”).

The Board is pleased to announce that on April 20, 2015 the Purchaser was notified by the Equity Exchange that it is the successful bidder for the Acquisition, for an aggregate cash consideration of RMB830 million.

The vendors in the Acquisition (the “**Vendors**”) are 廣東省計算技術應用研究所 (Guangdong Computation Technology Application Research Institute), a collective enterprise (全民所有制) formed in the PRC in 1992 (“**GCTARI**”), and 廣東省科技創業投資有限公司 (Guangdong Technology Venture Investment Corporation Limited), a state-owned enterprise incorporated in the PRC in 1992 (“**GTVICL**”).

Pursuant to the terms of the open bidding process set by Equity Exchange, the Purchaser and the Vendors are to finalize and execute the sale and purchase agreement in relation to the Acquisition (the “**SPA**”) within the period notified by the Equity Exchange after conclusion of the open bidding process or such other time as the parties may agree. The Company and the Purchaser will publish a further announcement once the SPA has been executed.

Upon completion of the SPA, the Target Company will become a wholly-owned subsidiary of the Company, subject to the right of GTVICL (exercisable within nine months commencing from the date of completion of the updated AIC registration) to repurchase 20% to 30% of the equity interests of the Target Company, as well as other terms that may be contained in the SPA.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 25% but all are less than 100%, the Acquisition and the entering into the SPA will constitute a major transaction of the Company and the Company is required to comply with the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, ("**Ali CV**") owns 59.37% of the issued share capital of the Company. On April 21, 2015 the Company received Ali CV's written consent to the Acquisition and the entering into of the SPA in relation thereto. As (i) no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) Ali CV holds more than 50% of the voting rights that would be exercisable at any such general meeting, Ali CV's written consent is acceptable in lieu of holding a general meeting of the Company for approval of the Acquisition, pursuant to Rule 14.44 of the Listing Rules.

GENERAL

To the best of the Directors' knowledge as at the date of this announcement, the Vendors are third parties independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company and its subsidiaries or their respective associates, and the ultimate beneficial owners and substantial shareholders of the Vendors are third parties independent of the Company and its subsidiaries or their respective associates.

A circular in relation to the Acquisition will be dispatched to Shareholders as soon as practicable and in any event no later than 15 business days after the date of this announcement in accordance with the Listing Rules.

Shareholders and potential investors should note that the Acquisition is subject to the SPA to be entered into between the parties which has not been finalized as at the date of this announcement. There is no assurance that the Acquisition will proceed and on what final terms it may proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on April 20, 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on April 22, 2015.

The Board is pleased to announce that on April 17, 2015 the Purchaser participated in a PRC open bidding process conducted by the Equity Exchange and on April 20, 2015, the Purchaser was notified by the Equity Exchange that it is the successful bidder to acquire the entire equity interests of the Target Company for an aggregate cash consideration of RMB830 million. Pursuant to the terms of the open bidding process set by Equity Exchange, the Purchaser and the Vendors are to finalize and execute the SPA in relation to the Acquisition within such period notified by the Equity Exchange after conclusion of the open bidding process or such other time as the parties may agree. The Company and the Purchaser will publish a further announcement once the SPA has been executed.

PRINCIPAL TERMS OF THE ACQUISITION (BASED ON THE TERMS SET BY THE EQUITY EXCHANGE UNDER THE OPEN BIDDING PROCESS)

(i) Parties to the Acquisition

- Purchaser: 中聯盛世文化（北京）有限公司 (Zhong Lian Sheng Shi Culture (Beijing) Company Limited), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
- Vendors: 廣東省計算技術應用研究所 (Guangdong Computation Technology Application Research Institute), a collective enterprise (全民所有制) formed in the PRC, and 廣東省科技創業投資有限公司 (Guangdong Technology Venture Investment Corporation Limited), a state-owned enterprise incorporated in the PRC. Each Vendor holds 50% of the equity interests in the Target Company as at the date of this announcement

(ii) Equity interests to be acquired

Subject to the terms and conditions of the SPA, the Purchaser agreed to acquire the entire equity interests in the Target Company from the Vendors. Upon completion of the SPA, the Target Company will become a wholly-owned subsidiary of the Purchaser, subject to the Repurchase Right and other terms that may be contained in the SPA.

(iii) Consideration

As the equity interests of the Target Company are deemed to be PRC state-owned assets, all potential purchasers were required to participate in a mandatory PRC domestic open bidding process conducted on the Equity Exchange. The Purchaser was the successful bidder and the consideration for the Acquisition was determined through the bidding process based on normal commercial terms.

Pursuant to the terms of the open bidding process set by Equity Exchange, the Purchaser has paid the Security Deposit as a condition to participating in the open bidding process.

The Purchaser is required to pay the remaining amount of the consideration (being the total consideration less the Security Deposit) to the Equity Exchange in a lump sum within five business days commencing from the execution of the SPA. The Equity Exchange will then arrange payment to each of the Vendors. The Company contemplates to settle the consideration by the Group's available internal resources.

(iv) Purchaser's Undertakings

The Purchaser will be required to give certain undertakings under the SPA, including but not limited to:

- (1) within one year after completion of the updated AIC registration, the Purchaser will not vary the terms of employment of the Target Company's employees, and will not reduce the staff benefits concerning its employees (including social security insurance, working life calculation, salaries and fringe benefits), with the exception of any employee misconduct;
- (2) the Purchaser will allow the Target Company to pay the 2014 year-end bonus to its employees in accordance with the plan approved by the board of directors of the Target Company;

(3) prior to the Acquisition, the Purchaser, its controlling shareholder and companies controlled by its controlling shareholder has not invested in any cinema or cinema chain and has not been engaged in the development or sales of a similar cinema ticking software system developed by the Target Company, and is not a qualified software developer registered with the Office of PRC National Film Development Special Fund Administrative Commission (國家電影事業發展專項資金管理委員會辦公室).

(4) Repurchase Right by 廣東省科技創業投資有限公司 (GTVICL)

GTVICL shall have a repurchase right exercisable within nine months commencing from the date of completion of the updated AIC registration, to repurchase 20% to 30% of the equity interests of the Target Company (the exact percentage is to be solely determined by GTVICL) either by entering into a share transfer agreement or a capital increase agreement, with the consideration to be determined according to the formula set out in the SPA (the “**Repurchase Right**”).

The Repurchase Right will lapse after the said nine-month period if GTVICL has not exercised such right.

If the Purchaser has breached the SPA and as a result GTVICL could not exercise its Repurchase Right as contemplated by the SPA, the Purchaser is liable for a 30% penalty fee based on the consideration payable for the percentage of equity interests which GTVICL has requested to be transferred to it or injected into the Target Company.

(v) Completion

Completion (including change of the registered shareholders of the Target Company with AIC) shall take place within 20 business days from the date on which the Purchaser has paid the total consideration under the SPA to the Equity Exchange, or at such other time as the parties may agree.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability with a registered capital of RMB10 million. The Target Company is one of the largest suppliers of cinema ticketing systems in the PRC. Its current core business includes the provision of local ticketing systems, connecting software systems and automated projection systems for third parties (electronic business platforms).

Based on the financial information of the Target Company available under the open bidding process, the unaudited net asset value of the Target Company as at February 28, 2015 was approximately RMB28.314 million. For the two financial years ended December 31, 2013 and December 31, 2014, the net profits (before and after taxation and extraordinary items) of the Target Company were as follows:

	For the year ended December 31, 2013 (RMB'000)	For the year ended December 31, 2014 (RMB'000)
Profit before taxation	3,547	15,049
Profit after taxation	2,638	11,264

INFORMATION ABOUT THE COMPANY

The Company is the holding company of the Group, which is primarily engaged in film and television entertainment and culture related businesses, including developing, production, and investment in and distribution of films and television drama series. The majority of these businesses are conducted in the PRC.

INFORMATION ABOUT THE VENDORS

廣東省計算技術應用研究所 (GCTARI), a collective enterprise (全民所有制) formed in the PRC in 1992, holds 50% of the equity interests in the Target Company as at the date of this announcement. It mainly engages in information system planning, consultation, supervision, development and testing; service computing, cloud computing, mega data and professional town technology; advanced computing research and services; technology results conversion; information technology personnel training and providing services to the government.

廣東省科技創業投資有限公司 (GTVICL), a state-owned enterprise incorporated in the PRC in 1992, holds 50% of the equity interests in the Target Company as at the date of this announcement, and whose operation is authorized by the People's Government of Guangdong Province. It mainly engages in entrepreneurship investment business, entrepreneurship investment consultation services, providing management services for entrepreneurs, participating in establishing entrepreneurship and entrepreneurship investment management consultation institutions.

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GENERAL

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REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Target Company has provided connecting software systems for more than 30 main stream third party e-commerce movie ticketing platforms, and remains highly competitive in the industry in terms of market share and servicing capabilities according to 2014 *China Film Industry Research*, Entgroup Research, 2014 (《2014 年中國電影產業研究報告》，藝恩諮詢) and company data provided by the Target Company.

The Company anticipates potential high growth of the PRC movie industry in the future. As mobile payment has become more convenient, online seat-selection would become an important means for movie ticketing. The Company believes that the Target Company, which specializes in providing platform-based applications for online ticketing systems, is an integral enabler of online movie ticket purchases by consumers.

The Company expects that the integration of the Target Company's core product and service offerings with the Company's internet and technology based capabilities will provide a solid rationale for the Acquisition. In particular, the Company expects that such integration will:

- (1) help connect movie theaters with hundreds of millions of users of Alibaba Group and expand the existing customer group to include e-commerce consumers;
- (2) create more opportunities for movie industries and e-commerce operators to cooperate and help movie theaters to generate a variety of revenue streams outside traditional box office revenues; and
- (3) utilize big data and internet technologies to provide effective services for industry participants.

In view of the above, the Directors (including all the independent non-executive Directors) are of the view that the Acquisition will create significant value for the Company through synergies with the Target Company and, hence, the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Acquisition”	has the meaning given in the summary at the beginning of this announcement
“AIC”	Administration of Industry and Commerce
“Ali CV”	has the meaning given in the summary at the beginning of this announcement
“Alibaba Group”	a group of companies comprising Alibaba Group Holding Limited (a company incorporated in the Cayman Islands and the shares of which are listed on the New York Stock Exchange) and its subsidiaries

“Board”	the board of the 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, and which also has a secondary listing on the Singapore Exchange Securities Trading Limited
“connected persons”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Exchange”	has the meaning given in the summary at the beginning of this announcement
“GCTARI”	has the meaning given in the summary at the beginning of this announcement
“GTVICL”	has the meaning given in the summary at the beginning of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	has the meaning given in the summary at the beginning of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Security Deposit”	a security deposit in the amount of RMB54 million paid by the Purchaser to the Equity Exchange prior to its participation in the PRC open bidding process
“Share(s)”	ordinary share(s) of HK\$0.25 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	has the meaning given in the summary at the beginning of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Target Company”	has the meaning given in the summary at the beginning of this announcement
“Vendors”	has the meaning given in the summary at the beginning of this announcement
“%”	per cent.

On Behalf of the Board
Alibaba Pictures Group Limited
Shao Xiaofeng
Chairman

Hong Kong, April 21, 2015

As at the date of this announcement, the Board comprises Mr. Shao Xiaofeng, Mr. Liu Chunning and Mr. Zhang Qiang, being the executive Directors; Mr. Li Lian Jie, being the non-executive Director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Ms. Zhang Yu, being the independent non-executive Directors.