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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 — ENTERING INTO OF THE INFORMATION DISSEMINATION COOPERATION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

INFORMATION DISSEMINATION COOPERATION AGREEMENT AND SUPPLEMENTAL AGREEMENT

The Board announces that Shanghai TPP, a consolidated subsidiary of the Company, entered into the Information Dissemination Cooperation Agreement with Hangzhou Yihong, an indirect wholly-owned subsidiary of AGH, on November 17, 2017, for a term commencing from November 1, 2017 to March 31, 2018. Pursuant to the Information Dissemination Cooperation Agreement, Hangzhou Yihong has agreed to use, and Shanghai TPP has agreed to provide, the Information Dissemination Services based on Hangzhou Yihong's business needs. According to the Information Dissemination Cooperation Agreement, the parties shall further agree to details of the cooperation (including but not limited to the manner of the cooperation, the information dissemination details and the pricing basis) as and when the parties deem fit upon the entering into of a transaction pursuant to the Information Dissemination Cooperation Agreement. As at the date of this announcement, the transaction amount already generated under the Information Dissemination Cooperation Agreement was approximately RMB2,370,000, which was within the initial expected maximum transaction amount of HK\$2,900,000 under the Information Dissemination Cooperation Agreement.

The Board further announces that Shanghai TPP entered into the Supplemental Agreement with Hangzhou Yihong on December 19, 2017 to further agree to outstanding details of the cooperation under the Information Dissemination Cooperation Agreement. In light of the increasing business demands from Hangzhou Yihong, the annual cap with respect to the transactions contemplated under the Information Dissemination Cooperation Agreement for the financial year ending March 31, 2018 shall be increased to RMB12,000,000.

LISTING RULES IMPLICATIONS

Hangzhou Yihong is an indirect wholly-owned subsidiary 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, Hangzhou Yihong is an associate of Ali CV and hence a connected person of the Company. The entering into of the Information Dissemination Cooperation Agreement and the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios in respect of (i) the transaction amount already generated under the Information Dissemination Cooperation Agreement up to the date of this announcement of RMB2,370,000 and (ii) the initial expected maximum transaction amount of HK\$2,900,000 under the Information Dissemination Cooperation Agreement were less than 5% and the total consideration was expected to be less than HK\$3,000,000, the transactions constituted de minimis continuing connected transactions of the Company under Chapter 14A of the Listing Rules and were fully exempt from shareholders' approval, annual review and all disclosure requirements.

However, as the annual cap determined by the Board on December 19, 2017 under the Information Dissemination Cooperation Agreement, as supplemented by the Supplemental Agreement, is more than HK\$3,000,000 but all the applicable percentage ratios in respect of the annual cap are less than 5%, the entering into of the Information Dissemination Cooperation Agreement, as supplemented by the Supplemental Agreement, and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board announces that Shanghai TPP, a consolidated subsidiary of the Company, entered into the Information Dissemination Cooperation Agreement with Hangzhou Yihong, an indirect wholly-owned subsidiary of AGH, on November 17, 2017, for a term commencing from November 1, 2017 to March 31, 2018. Pursuant to the Information Dissemination Cooperation Agreement, Hangzhou Yihong has agreed to use, and Shanghai TPP has agreed to provide, the Information Dissemination Services based on Hangzhou Yihong's business needs. According to the Information Dissemination Cooperation Agreement, the parties shall further agree to details of the cooperation (including but not limited to the manner of the cooperation, the information dissemination details and the pricing basis) as and when the parties deem fit upon the entering into of a transaction pursuant to the

Information Dissemination Cooperation Agreement. As at the date of this announcement, the transaction amount already generated under the Information Dissemination Cooperation Agreement was approximately RMB2,370,000, which was within the initial expected maximum transaction amount of HK\$2,900,000 under the Information Dissemination Cooperation Agreement.

The Board further announces that Shanghai TPP entered into the Supplemental Agreement with Hangzhou Yihong on December 19, 2017 to further agree to outstanding details of the cooperation under the Information Dissemination Cooperation Agreement. In light of the increasing business demands from Hangzhou Yihong, the annual cap with respect to the transactions contemplated under the Information Dissemination Cooperation Agreement for the financial year ending March 31, 2018 shall be increased to RMB12,000,000.

2. PRINCIPAL TERMS OF THE INFORMATION DISSEMINATION COOPERATION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The principal terms of the Information Dissemination Cooperation Agreement and the Supplemental Agreement are set out below:

2.1 Signing Date, Parties and Term of Information Dissemination Cooperation Agreement and the Supplemental Agreement

Date: November 17, 2017, as supplemented by the Supplemental Agreement dated December 19, 2017

Parties: (1) Hangzhou Yihong as service user
(2) Shanghai TPP as service provider

Term: November 1, 2017 to March 31, 2018

2.2 Other Principal Terms of Information Dissemination Cooperation Agreement and the Supplemental Agreement

2.2.1 Subject Matter

In consideration of the fee payable by Hangzhou Yihong to Shanghai TPP, Hangzhou Yihong has agreed to use, and Shanghai TPP has agreed to provide, the Information Dissemination Services (being the services provided by Shanghai TPP to Hangzhou Yihong pursuant to the Information Dissemination Cooperation Agreement, which mainly include the provision of space for dissemination of information relating to the advertising business of Hangzhou Yihong on the online platforms and channels of Shanghai TPP) based on Hangzhou Yihong's business needs.

2.2.2 Pricing Basis

The service fee for the Information Dissemination Services provided by Shanghai TPP to Hangzhou Yihong is calculated based on the actual usage by Hangzhou Yihong measured by the number of times that information has been disseminated for Hangzhou Yihong on the online platforms and channels of Shanghai TPP and the published standard service fee at a pre-determined discount rate generally offered by Shanghai TPP to independent third parties in respect of comparable services and with reference to the specific location or the space at which the relevant information is disseminated and other specific requirements on the dissemination of the information based on the needs of Hangzhou Yihong.

2.2.3 Payment Terms

The service fee shall be payable by Hangzhou Yihong to Shanghai TPP in cash within 10 business days upon receipt of relevant invoice issued by Shanghai TPP to Hangzhou Yihong.

3. ANNUAL CAP AND BASIS OF DETERMINATION OF ANNUAL CAP

The maximum transaction amount with respect to the transactions contemplated under the Information Dissemination Cooperation Agreement was initially expected to be HK\$2,900,000 as at the date of signing. However, as at the date of this announcement, the transaction amount already generated under the Information Dissemination Cooperation Agreement amounted to approximately RMB2,370,000. In light of the increasing business demands from Hangzhou Yihong, the Board has determined to set the annual cap at RMB12,000,000 with respect to the transactions contemplated under the Information Dissemination Cooperation Agreement for the financial year ending March 31, 2018.

The annual cap is determined with reference to (i) the transaction amount already generated under the Information Dissemination Cooperation Agreement up to the date of this announcement, (ii) the expected rate of usage and demand for the Information Dissemination Services during the remaining term of the Information Dissemination Cooperation Agreement estimated based on historical transaction volume and (iii) a certain percentage of buffer for potential increment in the transaction volume.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE INFORMATION DISSEMINATION COOPERATION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

Hangzhou Yihong, an advertising company of Alibaba Group, is one of the leading advertising companies in the PRC and specialized in online distribution channels. The growing popularity of the Group's online ticketing platform Tao Piao Piao has attracted Hangzhou Yihong's interest in employing the online platforms and channels of Shanghai TPP to disseminate information in relation to its advertising business. To maximize the commercial value of its online platforms and channels, Shanghai TPP has entered into the Information Dissemination Cooperation Agreement and Supplemental Agreement.

Having reviewed the terms of the Information Dissemination Cooperation Agreement, as supplemented by the Supplemental Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Information Dissemination Cooperation Agreement, the Supplemental Agreement, and the annual cap are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Information Dissemination Cooperation Agreement and the Supplemental Agreement are in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

5. LISTING RULES IMPLICATIONS

Hangzhou Yihong is an indirect wholly-owned subsidiary 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, Hangzhou Yihong is an associate of Ali CV and hence a connected person of the Company. The entering into of the Information Dissemination Cooperation Agreement and the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios in respect of (i) the transaction amount already generated under the Information Dissemination Cooperation Agreement up to the date of this announcement of RMB2,370,000 and (ii) the initial expected maximum transaction amount of HK\$2,900,000 under the Information Dissemination Cooperation Agreement were less than 5% and the total consideration was expected to be less than HK\$3,000,000, the transactions constituted de minimis continuing connected transactions of the Company under Chapter 14A of the Listing Rules and were fully exempt from shareholders' approval, annual review and all disclosure requirements.

However, as the annual cap determined by the Board on December 19, 2017 under the Information Dissemination Cooperation Agreement, as supplemented by the Supplemental Agreement, is more than HK\$3,000,000 but all the applicable percentage ratios in respect of the annual cap are less than 5%, the entering into of the Information Dissemination Cooperation Agreement, as supplemented by the Supplemental Agreement, and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Yu Yongfu and Mr. Shao Xiaofeng are employees of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Information Dissemination Cooperation Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to the Information Dissemination Cooperation Agreement, the Supplemental Agreement, the annual cap and the transactions contemplated thereunder. Save for the aforesaid Directors, none of the other Directors has a material interest in the Information Dissemination Cooperation Agreement, the Supplemental Agreement, the annual cap and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the relevant resolutions passed by the Board.

6. INFORMATION ON THE COMPANY AND SHANGHAI TPP

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.

Shanghai TPP, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in film investment, film distribution, film agency, advertising production, advertising distribution, advertising agency, technological consultation, technology transfer and technological services in the professional field of network technology and e-commerce.

7. INFORMATION ON AGH, ALIBABA GROUP AND HANGZHOU YIHONG

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.

Hangzhou Yihong, being a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of AGH which is principally engaged in provision of advertising services.

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
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of AGH
“associate(s)”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“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 this term under Chapter 14A of the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Yihong”	杭州易宏廣告有限公司 (Hangzhou Yihong Advertising Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of AGH
“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
“Information Dissemination Cooperation Agreement”	the agreement entered into between Hangzhou Yihong and Shanghai TPP on November 17, 2017, pursuant to which Hangzhou Yihong has agreed to use, and Shanghai TPP has agreed to provide, the Information Dissemination Services based on Hangzhou Yihong’s business needs.
“Information Dissemination Services”	the information dissemination services provided by Shanghai TPP to Hangzhou Yihong pursuant to the Information Dissemination Cooperation Agreement, which mainly include the provision of space for dissemination of information relating to the advertising business of Hangzhou Yihong on the online platforms and channels of Shanghai TPP
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai TPP”	上海淘票票影視文化有限公司 (Shanghai Tao Piao Piao Movie & TV Culture Co., Ltd.*), a consolidated subsidiary of the Company established under the laws 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
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the Information Dissemination Cooperation Agreement entered into between Hangzhou Yihong and Shanghai TPP on December 19, 2017

* *For identification purpose only*

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

Hong Kong, December 19, 2017

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 directors.