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**GRANT OF AWARDED SHARES  
AND ISSUE OF NEW SHARES UNDER GENERAL MANDATE  
PURSUANT TO SHARE AWARD SCHEME  
AND  
AMENDMENT TO SHARE AWARD SCHEME**

**GRANT OF AWARDED SHARES**

The Board announces that on May 31, 2019, the Company granted 145,872,700 Awarded Shares to 379 Selected Employees in accordance with the terms of the Share Award Scheme.

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

Out of the 145,872,700 Awarded Shares, 140,472,700 were granted to non-connected Grantees who are not connected persons of the Company. New Shares shall be allotted and issued pursuant to the 2018 General Mandate to the Trustee at nominal value pursuant to the terms of the Share Award Scheme in order to satisfy the Awarded Shares granted to the non-connected Grantees.

**AMENDMENT TO SHARE AWARD SCHEME**

The Board has resolved to amend the Scheme Rules to the effect that the maximum number of Shares which can be held by the Trustee under the Share Award Scheme at any time shall not exceed 2% of the total issued share capital of the Company from time to time, but such limit shall not include any Shares which have been vested and transferred out to the Selected Employees.

Reference is made to the announcement of Alibaba Pictures Group Limited (the “Company”) dated January 4, 2017 (the “Announcement”) relating to the adoption of the share award scheme by the Company on December 30, 2016 (the “Share Award Scheme”). The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

## GRANT OF AWARDED SHARES

The Board announces that on May 31, 2019, the Company granted 145,872,700 Awarded Shares (the “Grant”) to 379 Selected Employees (the “Grantees”), among whom 2 Selected Employees are connected persons of the Company (the “Connected Grantees”), in accordance with the terms of the Share Award Scheme at nil consideration, subject to the acceptance of the Grantees. Each of the Awarded Shares granted to the Grantees represents the right to receive a Share on the date it vests and the Awarded Shares granted are not subject to performance targets. Details of the Grant are set out below:

	<b>Number of Awarded Shares</b>
<b>Non-connected Grantees</b>	140,472,700
<b>Connected Grantees</b>	
- A person who was a Director in the last 12 months	3,000,000
- One director of certain subsidiaries of the Company	2,400,000
<b>Total</b>	<u>145,872,700</u>

In relation to the 5,400,000 Awarded Shares granted to the Connected Grantees, the Board shall procure the Trustee to purchase existing Shares from the market out of cash contributed by the Company, to be held on trust for the Connected Grantees until such Awarded Shares are vested with such Connected Grantees. Based on the closing price of HK\$1.630 per Share as quoted on the Stock Exchange on May 31, 2019 (being the date of grant of the Awarded Shares), the market value of the Awarded Shares granted to the Connected Grantees amounts to HK\$8,802,000. The grant of Awarded Shares to each of the Connected Grantees has been approved by the Board (including but not limited to the independent non-executive Directors).

None of the Grantees (including the Connected Grantees) is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them.

## ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE SHARE AWARD SCHEME

In relation to the 140,472,700 Awarded Shares granted to the non-connected Grantees who are not connected persons of the Company, new Shares shall be allotted and issued, pursuant to the general mandate (the “2018 General Mandate”) granted by the shareholders of the Company at the annual general meeting of the Company held on September 7, 2018 (the “2018 AGM”), to the Trustee at nominal value pursuant to the terms of the Share Award Scheme. Pursuant to the 2018 General Mandate, the Company can issue and allot a maximum number of 5,097,604,782 Shares (being 20% of the total number of the issued shares of the Company as at the date of the 2018 AGM). Except for (i) the issue of 50,120,000 new Shares as disclosed in the announcement of the Company dated September 26, 2018 and (ii) the aforesaid issue of 140,472,700 new Shares, no new Share has been issued or allotted under the 2018 General Mandate.

As at the date of this announcement, the Trustee is a third party independent of the Company and its connected persons. The Board shall cause to be paid the subscription money of HK\$35,118,175 for the 140,472,700 new Shares from the Company's internal resources to the Trustee. Upon the allotment of the 140,472,700 new Shares, the Trustee will hold the said new Shares on trust for the non-connected Grantees and will transfer the respective proportions to each of them at no cost upon vesting and settlement of their respective Awarded Shares.

The issue of new Shares to satisfy the 140,472,700 Awarded Shares represents (i) approximately 0.53% of the total issued Shares as at the date of this announcement; and (ii) approximately 0.52% of the total issued Shares as enlarged by such allotment and issue.

No new funds will be raised as a result of the aforesaid allotment and issue. Save as (i) the allotment and issue of 1,000,000,000 Shares to Ali CV Investment Holding Limited (the "Subscriber"), an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, on March 5, 2019 pursuant to the subscription agreement dated December 9, 2018 entered into between the Company and the Subscriber and (ii) the allotment and issue of 140,798,600 new Shares on March 6, 2019 to satisfy 90,678,600 Awarded Shares and 50,120,000 Awarded Shares granted to non-connected grantees on May 21, 2018 and September 26, 2018, respectively, the Company has not engaged in any fund raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement. The new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of such Shares held by it under trust.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 140,472,700 new Shares to be allotted and issued.

#### **AMENDMENT TO SHARE AWARD SCHEME**

As disclosed in the Announcement, the number of Shares to be awarded under the Share Award Scheme throughout its duration is limited to 2% of the issued share capital of the Company from time to time and the Board shall not make any further Award which will result in the aggregate number of Shares awarded by the Board or held by the Trustee under the Scheme to be in excess of 2% of the issued share capital of the Company from time to time.

The Board has resolved to amend the Scheme Rules to the effect that the maximum number of Shares which can be held by the Trustee under the Share Award Scheme at any time shall not exceed 2% of the total issued share capital of the Company from time to time, but such limit shall not include any Shares which have been vested and transferred out to the Selected Employees. The Board shall not make any further Award which will result in the aggregate number of Shares held by the Trustee under the Scheme to be in excess of 2% of the issued share capital of the Company from time to time.

Save for the amendment specified in this announcement and other cosmetic changes, no other changes have been made to the Share Award Scheme and all other Scheme Rules remain effective.

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

Hong Kong, May 31, 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.*