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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)

CONNECTED TRANSACTION
IN RELATION TO
THE SALE OF ONLINE DISSEMINATION RIGHTS OF MOVIE

ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT AND SUPPLEMENTAL AGREEMENT

The Board announces that, on June 6, 2019, Shanghai Alibaba Pictures, a consolidated subsidiary of the Company, and Youku Technology, an indirect subsidiary of AGH, entered into the Online Dissemination Rights Transfer Agreement, whereby Shanghai Alibaba Pictures (for and on behalf of the distribution rights owners of the Movie IV) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie IV, a movie titled as "Capernaum" (何以為家) (also known as "Capharnaüm" and "迦百農"), distribution rights of which in the PRC are jointly acquired by the Group and other independent third parties.

The Copyright Transfer Fee for the Disposal of the Movie IV is initially set at RMB15,000,000 and will increase as the Movie IV's total box office revenue in the PRC grows, subject to a maximum of RMB20,000,000. According to the cooperation arrangement between the Group and the other independent third parties, the Group is entitled to receive 35% of the total consideration for the Disposal of the Move IV, including the distribution income sharing and the promotion and distribution services fee.

The Board further announces that, on June 6, 2019, Shanghai Alibaba Pictures and Youku Technology entered into the Supplemental Agreement, whereby Shanghai Alibaba Pictures (for and on behalf of the distribution rights owners of the Movie IV) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie IV from Youku Technology after December 3, 2028, at a consideration of RMB1.

LISTING RULES IMPLICATIONS

Youku Technology is an indirect 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 50.65% of the issued share capital of the Company as at the date of this announcement. Accordingly, Youku Technology is an associate of Ali CV and hence a connected person of the Company. The Disposal of the Movie IV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposal of the Movie IV is required to be aggregated with certain previous connected transactions and treated them as if they were one transaction as they are of similar nature and were entered into within a 12-month period with Youku Technology. All the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal of the Drama Series E, the Disposal of the 2018 Movie, the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II, the Grant of License of the Movie III and the Disposal of the Movie IV, when aggregated, are more than 0.1% but below 5%. Therefore, all these disposals and the Grant of License of the Movie III are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the above previous connected transactions had already been disclosed in the previous announcements of the Company.

1. DISPOSAL OF THE MOVIE IV

1.1 ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT

Date

June 6, 2019

Parties

Vendor : Shanghai Alibaba Pictures, a consolidated subsidiary of the Company

Purchaser : Youku Technology, an indirect subsidiary of AGH and a connected person of the Company

Subject Matter

Pursuant to the Online Dissemination Rights Transfer Agreement, Shanghai Alibaba Pictures (for and on behalf of the distribution rights owners of the Movie IV) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie IV, distribution rights of which in the PRC are jointly acquired by the Group and other independent third parties.

Consideration

The Copyright Transfer Fee for the Disposal of the Movie IV is initially set at RMB15,000,000 and will increase as the Movie IV's total box office revenue in the PRC grows, subject to a maximum of RMB20,000,000, which shall be payable by Youku Technology to Shanghai Alibaba Pictures in cash in the following manner, subject to the reduction of any deductible amount pursuant to Online Dissemination Rights Transfer Agreement:

(i) the first instalment of RMB2,250,000 shall be payable within 20 business days after the signing of the Online Dissemination Rights Transfer Agreement;

(ii) the second instalment of RMB8,250,000 shall be payable within 20 business days after Youku Technology having confirmed the receipt and acceptance of all required documents and records of the Movie IV; and

(iii) the last instalment (being the difference between (a) the final Copyright Transfer Fee for the Disposal of the Movie IV to be determined according to the Movie IV's final total box office revenue in the PRC and (b) an aggregate of the first and second installments of the total consideration paid for the Disposal of the Movie IV) shall be payable within 20 business days after the release of the Movie IV on Youku Technology's platform(s) and Youku Technology having confirmed the receipt and acceptance of the box office results issued and certified by the cinemas or relevant film authority.

The Copyright Transfer Fee for the Disposal of the Movie IV was determined after arm's length negotiations between Shanghai Alibaba Pictures and Youku Technology based on the parties' mutual assessment of (i) the quality, the cast and the popularity of the Movie IV, (ii) the carrying value of the Online Dissemination Rights of the Movie IV, and (iii) the expected total box office revenue of the Movie IV.

According to the cooperation arrangement between the Group and the other independent third parties, the Group is entitled to receive 35% of the total consideration for the Disposal of the Move IV, including the distribution income sharing and the promotion and distribution services fee.

Completion

Completion of the Online Dissemination Rights Transfer Agreement is not subject to any conditions precedent. Shanghai Alibaba Pictures shall deliver (i) all required documents of the Movie IV before payment of the second instalment of total consideration for the Disposal of the Movie IV and the first release of the Movie IV on Youku Technology's platform(s), and (ii) all required records on or before June 3, 2019.

1.2 SUPPLEMENTAL AGREEMENT

On June 6, 2019, Shanghai Alibaba Pictures and Youku Technology entered into the Supplemental Agreement, whereby Shanghai Alibaba Pictures (for and on behalf of the distribution rights owners of the Movie IV) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie IV from Youku Technology after December 3, 2028, at a consideration of RMB1 which shall be payable by Shanghai Alibaba Pictures to Youku Technology in cash at the time of exercising the option. Such nominal consideration for the Supplemental Agreement was determined after arm's length negotiations between Shanghai Alibaba Pictures and Youku Technology.

2. INFORMATION ON THE COMPANY AND SHANGHAI ALIBABA PICTURES

The Company is listed on both the Stock Exchange (stock code: 1060) and the Singapore Exchange Securities Trading Limited (stock code: S91). 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 Alibaba Pictures, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in investment in and production of films.

3. INFORMATION ON AGH, ALIBABA GROUP AND YOUKU TECHNOLOGY

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

Alibaba Group's mission is to make it easy to do business anywhere and Alibaba Group aims to achieve sustainable growth for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Youku Technology, a company established under the laws of the PRC and an indirect subsidiary of AGH, is principally engaged in intellectual property management, business planning and technology development.

4. FINANCIAL EFFECTS OF THE DISPOSAL OF THE MOVIE IV AND INTENDED USE OF PROCEEDS

Based on the unaudited management accounts of the Group, as at the date of this announcement, the carrying value of the Online Dissemination Rights of the Movie IV is approximately RMB4,462,500.

It is expected that there will be a potential gain of approximately RMB1,883,000 accrued to the Group from the Disposal of the Movie IV with reference to the carrying value of the Online Dissemination Rights of the Movie IV (after taking into account the anticipated necessary expenses directly related to the Disposal of the Movie IV).

After deducting the necessary directly-related expenses, the net proceeds for the Disposal of the Movie IV will be approximately RMB6,345,500. The Group intends to utilize the net proceeds towards general working capital of the Group.

5. REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE MOVIE IV

As disclosed in the announcement of the Company dated March 14, 2017, the Company has entered into a strategic cooperation agreement with AGH, pursuant to which AGH and the Company agreed to integrate their respective resources to jointly develop their culture and entertainment businesses.

AGH operates one of the leading online video streaming websites in the PRC, Youku. Given its large user base, Youku can be a powerful distribution channel of the Group's entertainment content, in particular its movies and drama series. Online video streaming offers convenience and on-demand variety in respect of entertainment content viewing. Its popularity has grown over the past few years and such trend is expected to continue. Domestically, the market for online video streaming is dominated by a few major players. Youku Technology has been selected as the purchaser of the Online Dissemination Rights of the Movie IV due to the overall commercial benefits that it may offer to the Group in the Online Dissemination Rights Transfer Agreement. The Group continues to produce quality content and views Youku as an

important business partner that enables its content to reach a mass audience.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Online Dissemination Rights Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the parties, reflect normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang is an employee of AGH or its subsidiaries, he/she is deemed or may be perceived to have a material interest in the Online Dissemination Rights Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Accordingly, each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang has abstained from voting on the resolution(s) passed by the Board in relation to the Online Dissemination Rights Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Online Dissemination Rights Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the said resolution(s) passed by the Board.

6. LISTING RULES IMPLICATIONS

Youku Technology is an indirect 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 50.65% of the issued share capital of the Company as at the date of this announcement. Accordingly, Youku Technology is an associate of Ali CV and hence a connected person of the Company. The Disposal of the Movie IV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposal of the Movie IV is required to be aggregated with certain previous connected transactions and treated them as if they were one transaction as they are of similar nature and were entered into within a 12-month period with Youku Technology. All the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal of the Drama Series E, the Disposal of the 2018 Movie, the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II, the Grant of License of the Movie III and the Disposal of the Movie IV, when aggregated, are more than 0.1% but below 5%. Therefore, all these disposals and the Grant of License of the Movie III are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the above previous connected transactions had already been disclosed in the previous announcements of the Company.

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
"Ali CV"	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
"Alibaba Group"	AGH and its subsidiaries
"associate", "connected person", "subsidiary(ies)" and "substantial shareholder"	each has the meaning ascribed to it under 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)
"Copyright Transfer Fee"	the copyright transfer fee payable by Youku Technology to Shanghai Alibaba Pictures in relation to the Disposal of the Movie IV under the Online Dissemination Rights Transfer Agreement
"Directors"	the directors of the Company
"Disposal of the 2018 Movie"	the sale of online dissemination rights of a movie titled as "Legend of the Ancient Sword" (古劍奇譚之流月昭明) pursuant to the agreement and the supplemental agreement between Zhejiang Dongyang and Youku Technology dated September 12, 2018, details of which were disclosed in the announcement of the Company dated September 12, 2018
"Disposal of the Drama Series E"	the sale of online dissemination rights of a web drama series titled as "Legend of the Ancient Sword 2" (古劍奇譚 2) pursuant to the agreement between 北京中聯華盟文化傳媒投資有限公司 (Beijing Asian Union Culture Media Investment Co., Ltd.*) and Youku Technology dated July 11, 2018, details of which were disclosed in the announcement of the Company dated July 11, 2018

"Disposal of the Drama Series F"	the sale of new media broadcasting rights of a drama series currently titled as "Hello Prosecutor" (你好檢察官) pursuant to the agreement and the supplemental agreement between 華盟（天津）文化傳媒有限公司(Huameng (Tianjin) Culture Media Co., Ltd.*) (formerly known as 華盟（天津）文化投資有限公司 (Huameng (Tianjin) Culture Investment Co., Ltd.*)) and Youku Technology dated May 31, 2019, details of which were disclosed in the announcement of the Company dated May 31, 2019
"Disposal of the Movie I"	the sale of online dissemination rights of a movie titled as "Dead Pigs" (海上浮城) pursuant to the agreement and the supplemental agreement between Zhejiang Dongyang and Youku Technology dated March 11, 2019, details of which were disclosed in the announcement of the Company dated May 31, 2019
"Disposal of the Movie II"	the sale of online dissemination rights of a movie titled as "Green Book" (綠皮書) pursuant to the agreement and the supplemental agreement between Shanghai Alibaba Pictures and Youku Technology dated April 25, 2019, details of which were disclosed in the announcement of the Company dated May 31, 2019
"Disposal of the Movie IV"	the sale of Online Dissemination Rights of the Movie IV pursuant to Online Dissemination Rights Transfer Agreement
"Grant of License of the Movie III"	the grant of the license for the online dissemination rights of a movie titled as "Peppa Celebrates Chinese New Year" (小豬佩奇過大年) pursuant to the agreement between Shanghai Alibaba Pictures and Youku Technology dated May 31, 2019, details of which were disclosed in the announcement of the Company dated May 31, 2019
"Group"	the Company and its subsidiaries
"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
"Movie IV"	a movie titled as "Capernaum" (何以為家) (also known as "Capharnaüm" and "迦百農"), distribution rights of which in the PRC are jointly acquired by the Group and other independent third parties

"Online Dissemination Rights"	the online dissemination rights of the Movie IV in the PRC (excluding such rights relating to broadcasting devices in consulates and foreign planes and ships), including but not limited to the right to disseminate through the Internet, Internet cafes, mobile value-added services and/or other public networks, and the related Transfer Rights and Recourse Rights
"Online Dissemination Rights Transfer Agreement"	the transfer agreement dated June 6, 2019 entered into between Shanghai Alibaba Pictures and Youku Technology in relation to the transfer of the Online Dissemination Rights of the Movie IV
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
"Recourse Rights"	the recourse rights relating to the Movie IV in the PRC (excluding such rights relating to broadcasting devices in consulates and foreign planes and ships), i.e. the right to pursue in one's own name or to authorize a third party to pursue in his/her own name legal action against a party who infringes on the rights under the Online Dissemination Rights Transfer Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Alibaba Pictures"	上海阿里巴巴影業有限公司 (Shanghai Alibaba Pictures Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated subsidiary of the Company
"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
"Supplemental Agreement"	the supplemental agreement to the Online Dissemination Rights Transfer Agreement dated June 6, 2019 entered into between Shanghai Alibaba Pictures and Youku Technology in relation to an unconditional option to repurchase the Online Dissemination Rights of the Movie IV

"Transfer Rights"	the transfer rights of the Movie IV in the PRC (excluding such rights relating to broadcasting devices in consulates and foreign planes and ships), i.e. the right to transfer any rights (including exclusive rights and non-exclusive rights) under the Online Dissemination Rights Transfer Agreement to a third party and the right to allow a third party to re-transfer such rights
"Youku Technology"	北京優酷科技有限公司 (Beijing Youku Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect subsidiary of AGH
"Zhejiang Dongyang"	浙江東陽小宇宙影視傳媒有限公司 (Zhejiang Dongyang Xiaoyuzhou Movie and Media Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated subsidiary of the Company
"%"	per cent.

* *For identification purpose only*

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

Hong Kong, June 6, 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 director.