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**DISCLOSEABLE TRANSACTION -
ACQUISITION OF MINORITY INTERESTS IN A SUBSIDIARY**

THE EQUITY TRANSFER AGREEMENT

The Board announces that on July 24, 2017, Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Six Minority Shareholders. Pursuant to the Equity Transfer Agreement, Zhonglian Shengshi conditionally agreed to acquire, and the Six Minority Shareholders conditionally agreed to sell, in aggregate approximately 9.12% equity interest in Hangzhou Aurora. Upon Completion, the Company, through Aurora HK, Zhonglian Shengshi and the Limited Partnerships, will indirectly hold approximately 96.71% equity interest in Hangzhou Aurora.

Hangzhou Aurora, being a company established under the laws of the PRC, is a non-wholly-owned subsidiary of the Company which is principally engaged in the operation of a leading online ticketing platform – Tao Piao Piao in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Equity Transfer are more than 5% but less than 25%, the entering into of the Equity Transfer Agreement and the Equity Transfer constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

WARNING

COMPLETION OF THE EQUITY TRANSFER IS SUBJECT TO THE FULFILMENT (OR WAIVER, AS MAYBE APPLICABLE) OF THE CONDITIONS UNDER THE EQUITY TRANSFER AGREEMENT. ACCORDINGLY, THE EQUITY TRANSFER MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD THEREFORE EXERCISE CAUTION WHEN DEALINGS IN THE SHARES.

INTRODUCTON

The Board announces that on July 24, 2017, Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Six Minority Shareholders. Pursuant to the Equity Transfer Agreement, Zhonglian Shengshi conditionally agreed to acquire, and the Six Minority Shareholders conditionally agreed to sell, in aggregate approximately 9.12% equity interest in Hangzhou Aurora. Upon Completion, the Company, through Aurora HK, Zhonglian Shengshi and the Limited Partnerships, will indirectly hold approximately 96.71% equity interest in Hangzhou Aurora. The financial results of Hangzhou Aurora will continue to be consolidated into the Company's financial statements after Completion.

THE EQUITY TRANSFER AGREEMENT

Date: July 24, 2017

Parties:

- (1) Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, as acquirer
- (2) Six Minority Shareholders, certain existing shareholders of Hangzhou Aurora, as sellers

Except the fact that (i) the Company indirectly holds approximately 7.72% equity interest in the holding company of Zhejiang Bona and (ii) the Company indirectly holds 30% equity interest in Hehe Film, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Six Minority Shareholders are third parties independent of the Company and its connected persons. The Six Minority Shareholders are not connected persons of the Company.

Subject matter: As at the date of this announcement, the equity interest of Hangzhou Aurora is owned as to approximately 77.59% by Aurora HK, in aggregate approximately 9.12% by the Six Minority Shareholders, approximately 2.19% by Shanghai Yunxin, approximately 1.10% by Jinzhuo Hengbang and in aggregate 10% by the Limited Partnerships.

Pursuant to the Equity Transfer Agreement, Zhonglian Shengshi conditionally agreed to acquire, and the Six Minority Shareholders conditionally agreed to sell, in aggregate approximately 9.12% equity interest in Hangzhou Aurora, representing the entire equity interests held by the Six Minority Shareholders, for an estimated total consideration of RMB1,332,751,334.

Upon Completion, the equity interest of Hangzhou Aurora will be owned as to approximately 77.59% by Aurora HK, approximately 9.12% by Zhonglian Shengshi, approximately 2.19% by Shanghai Yunxin, approximately 1.10% by Jinzhuo Hengbang and in aggregate 10% by the Limited Partnerships.

Consideration for the Equity Transfer: Since the Actual Completion Date is the Fixed Completion Date (i.e. July 31, 2017), the fixed cash consideration receivable by each of the Six Minority Shareholders ("Fixed Cash Consideration"), which is

proportional to the percentage interest to be acquired by Zhonglian Shengshi, is as set out in the table below:

Name of Six Minority Shareholders	Approximate percentage interest in Hangzhou Aurora to be transferred	Fixed Cash Consideration (RMB)
Ningbo Dinghui	5.69%	829,177,778
Hehe Film	1.26%	185,648,222
Zhejiang Bona	1.00%	145,798,667
Zhejiang Huace	0.37%	53,805,556
Hangzhou Baopai	0.73%	107,600,000
Tianjin Lianrui	0.07%	10,721,111
Total	9.12%	1,332,751,334

On Completion, Zhonglian Shengshi shall pay the corresponding Fixed Cash Consideration by way of wire transfer to the bank account designated by each of the Six Minority Shareholders.

Basis of consideration for the Equity Transfer:

The consideration for the Equity Transfer was arrived at after arm's length negotiations among the parties to the Equity Transfer Agreement, having taken into account, among other things, (i) the equity interest held by each of the Six Minority Shareholders in Hangzhou Aurora and their respective capital contribution; (ii) the rising market share of Tao Piao Piao; (iii) the expanded revenue base of Hangzhou Aurora; and (iv) the unaudited net asset value of Hangzhou Aurora in the amount of approximately RMB856,359,000 as at June 30, 2017.

The consideration for the Equity Transfer will be settled by using the Group's available internal resources.

Conditions precedent:

Pursuant to the Equity Transfer Agreement, Completion is conditional upon the satisfaction or waiver on the date of signing the Equity Transfer Agreement (in any event no later than the date of Completion) by Zhonglian Shengshi as the acquirer or each of the Six Minority Shareholders as the seller (as the case may be) (to the extent permitted by the applicable laws) of certain conditions as stated below:

The acquirer receives all of the following documents from the seller:

- (a) copy of the applicable resolutions of the seller approving the Equity Transfer under the Equity Transfer Agreement;
- (b) the transaction document(s) that the seller duly signs as a party;

and

- (c) all documents and any information required by the acquirer to fulfill its obligations after the Completion under the Equity Transfer Agreement (collectively referred to as “Conditions Precedent of the Acquirer”).

The seller receives all of the following documents from the acquirer:

- (a) copy of the applicable resolutions of the acquirer approving the Equity Transfer under the Equity Transfer Agreement;
- (b) the transaction document(s) duly signed by the acquirer; and
- (c) the waiver of the pre-emptive right by the existing shareholders of Hangzhou Aurora which have not made the Equity Transfer.

Completion: Completion shall take place on the fifth (5) business day after the signing of the Equity Transfer Agreement (i.e. the Actual Completion Date).

The acquirer shall have the right, by notice in writing to the seller, if any of the sellers fails to fulfill the Conditions Precedent of the Acquirer on the Actual Completion Date:

- (i) not to pay the corresponding Fixed Cash Consideration to the seller; and
- (ii) to determine a new date (“Deferred Completion Date”, not later than 10 business days from the Actual Completion Date).

If the seller fulfills the Conditions Precedent of the Acquirer on the Deferred Completion Date, the acquirer will pay the corresponding Fixed Cash Consideration as set out in the table above to the seller.

If the seller fails to fulfill the Conditions Precedent of the Acquirer on the Deferred Completion Date, the acquirer has the right to deduct an amount from the corresponding Fixed Cash Consideration payable to the defaulting seller equal to 10% annual interest (based on 360 days) of the corresponding Fixed Cash Consideration for the period from the Deferred Completion Date (inclusive) to the date (exclusive) on which the Conditions Precedent of the Acquirer have been fulfilled (in any case no later than the Long Stop Date).

The acquirer shall have the right to terminate the Equity Transfer Agreement in so far as the defaulting seller is concerned and retain all available rights and remedies if the defaulting seller has not been able to fulfill the Conditions Precedent of the Acquirer by the Long Stop Date. The parties shall sign all new necessary documents in accordance with the requirements of the acquirer, so that the corresponding Equity Transfer of the sellers other than the defaulting seller may be completed; and the defaulting seller shall make a default payment to the acquirer according to the terms of the Equity Transfer Agreement.

INFORMATION ABOUT THE COMPANY, ZHONGLIAN SHENGSHI AND HANGZHOU AURORA

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 of internet-based promotion and distribution, content production, and integrated development. The Company's operations also include 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; the investment and production of entertainment content such as film and drama series both domestically and internationally; and, centered around copyrights the development of professional services ranging from financing, business placement, promotion and distribution to merchandising.

Zhonglian Shengshi, being a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of the Company and an investment holding company.

Hangzhou Aurora, being a company established under the laws of the PRC, is a non-wholly-owned subsidiary of the Company which is principally operating a leading online ticketing platform – Tao Piao Piao in the PRC.

Based on the unaudited financial statements of Hangzhou Aurora, the net asset value of Hangzhou Aurora as at June 30, 2017 was approximately RMB856,359,000.

The net loss before/after taxation and extraordinary items of Hangzhou Aurora for the years ended December 31, 2015 and 2016 were as follows:

	For the year ended December 31, 2015 <i>(RMB'000)</i>	For the year ended December 31, 2016 <i>(RMB'000)</i>
Net loss before/after tax and extraordinary items	246,247	904,424

INFORMATION ABOUT SIX MINORITY SHAREHOLDERS

Information about Ningbo Dinghui

Ningbo Dinghui, being a limited partnership established under the laws of the PRC, is principally engaged in equity investment.

Information about Hehe Film

Hehe Film, being a company established under the laws of the PRC, is principally engaged in film and television distribution, film and television investment, film and television development and production, film and television merchandise development.

Information about Zhejiang Bona

Zhejiang Bona, being a company established under the laws of the PRC, is principally engaged in film and television production, film and television distribution, advertising and marketing, talent agency.

Information about Zhejiang Huace

Zhejiang Huace, being a company established under the laws of the PRC, is principally engaged in providing and operating film and television cultural products.

Information about Hangzhou Baopai

Hangzhou Baopai, being a limited partnership established under the laws of the PRC, is the operating platform of NanPai Entertainment Co., Ltd. specialized in strategic investment and planning in the Pan-Entertainment industry.

Information about Tianjin Lianrui

Tianjin Lianrui, being a company established under the laws of the PRC, is principally engaged in film and web drama investment, marketing and distribution, etc.

REASONS FOR AND BENEFIT OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

Given the general trend in the film industry and rapidly-changing and evolving consumer behaviors, the Group remains committed to building and upgrading its business operations around its entertainment ecosystem, and to developing new infrastructure for the film industry. Being the platform that serves the most critical function of consumer reach for the new infrastructure, Tao Piao Piao has successfully established a solid foundation in areas including film promotion, distribution and ticketing-services, and become one of the leading online ticketing platforms in the PRC.

The Board believes that it aligns with the Group's strategic and business interests in the mid and longer term to fully increase its shareholding in Hangzhou Aurora and be committed to developing Tao Piao Piao into a core platform of the Group's new infrastructure for the film industry, thereby fostering fast development of its business profile and creating greater values for shareholders of the Company.

Except for Shanghai Yunxin and Jinzhuo Hengbang which have decided to maintain their shareholdings, the remaining six shareholders, which are neither subsidiaries nor connected persons of the Company, have all agreed to sell their respective entire interests in Hangzhou Aurora to the Group.

The Directors are of the view that the terms of the Equity Transfer Agreement are fair and reasonable, and that entering into the Equity Transfer Agreement is in the interest of the Company and its shareholders as a whole.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Actual Completion Date”	the fifth (5) business day after the signing of the Equity Transfer Agreement
“Aurora HK”	Aurora Media (HK) Limited (晨曦媒體(香港)有限公司), a company established under the laws of Hong Kong, an existing shareholder currently holding approximately 77.59% equity interest in Hangzhou Aurora and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“business day”	any day other than Saturdays, Sundays and any other days on which the business of the banks in the PRC or Hong Kong is suspended as prescribed or authorized by the applicable laws
“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 the Singapore Exchange Securities

	Trading Limited (stock code: S91)
“Completion”	completion of the Equity Transfer pursuant to the terms and conditions of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of the entire equity interest held by each of the Six Minority Shareholders in Hangzhou Aurora to Zhonglian Shengshi pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the agreement dated July 24, 2017 entered into between Zhonglian Shengshi and the Six Minority Shareholders in relation to the Equity Transfer
“Fixed Completion Date”	being July 31, 2017
“Group”	the Company and its subsidiaries
“Hangzhou Aurora”	杭州晨熹多媒體科技有限公司 (Hangzhou Aurora Multi-Media Technology Co., Ltd.*), a company established under the laws of the PRC and a non-wholly-owned subsidiary of the Company
“Hangzhou Baopai”	杭州寶派投資合夥企業（有限合夥）(Hangzhou Baopai Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Six Minority Shareholders holding approximately 0.73% equity interest in Hangzhou Aurora
“Hehe Film”	和和（上海）影業有限公司 (Hehe (Shanghai) Film Corporation Limited*), a company established under the laws of the PRC and one of the Six Minority Shareholders holding approximately 1.26% equity interest in Hangzhou Aurora
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinzhao Hengbang”	金卓恒邦科技（北京）有限公司 (Jinzhao Hengbang Technology (Beijing) Co., Ltd.*), a company established under the laws of the PRC and holding approximately 1.10% equity interest in Hangzhou Aurora
“Limited Partnerships”	four limited partnerships indirectly wholly-owned by the Company, which are 天津星語企業管理合夥企業（有限合夥）(Tianjin Xingyu Business Management Partnership (Limited Partnership)*), 天津星蘊企業管理合夥企業（有限合夥）(Tianjin Xingyun Business

	Management Partnership (Limited Partnership)*), 天津星祺企業管理合夥企業 (有限合夥) (Tianjin Xingqi Business Management Partnership (Limited Partnership)*) and 天津星印企業管理合夥企業 (有限合夥) (Tianjin Xingyin Business Management Partnership (Limited Partnership)*)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the latest date by which the Equity Transfer should be completed, being September 30, 2017
“Ningbo Dinghui”	寧波鼎暉孚冀股權投資合夥企業 (有限合夥) (Ningbo Dinghui Fuji Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Six Minority Shareholders holding approximately 5.69% equity interest in Hangzhou Aurora
“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 Yunxin”	上海雲鑫創業投資有限公司 (Shanghai Yunxin Venture Capital Co., Ltd.*), a company established under the laws of the PRC and a wholly-owned subsidiary of 浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*) holding approximately 2.19% equity interest in Hangzhou Aurora
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Six Minority Shareholders”	the sellers under the Equity Transfer Agreement which are the existing shareholders of Hangzhou Aurora, namely Ningbo Dinghui, Hehe Film, Zhejiang Bona, Zhejiang Huace, Hangzhou Baopai and Tianjin Lianrui
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Tianjin Lianrui”	天津聯瑞影業有限公司 (Tianjin Lianrui Pictures Co., Ltd.*), a company established under the laws of the PRC and one of the Six Minority Shareholders holding approximately 0.07% equity interest in Hangzhou Aurora
“Zhejiang Bona”	浙江博納影視製作有限公司 (Zhejiang Bona Film and TV Production Co., Ltd.*), a company established under

the laws of the PRC and one of the Six Minority Shareholders holding 1.00% equity interest in Hangzhou Aurora

“Zhejiang Huace”

浙江華策影視股份有限公司 (Zhejiang Huace Film and TV Co., Ltd.*), a company established under the laws of the PRC and one of Six Minority Shareholders holding approximately 0.37% equity interest in Hangzhou Aurora

“Zhonglian Shengshi”

中聯盛世文化（北京）有限公司 (Zhonglian Shengshi Culture (Beijing) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company

“%”

per cent

* *English name for identification purpose only.*

By Order of the Board
Alibaba Pictures Group Limited
Yu Yongfu
Chairman & Chief Executive Officer

Hong Kong, July 24, 2017

As at the date of this announcement, the Board comprises Mr. Yu Yongfu, Ms. Zhang Wei and Mr. Fan Luyuan, being the executive directors; Mr. Li Lian Jie and Mr. Shao Xiaofeng, being the non-executive directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive directors.