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(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

CONTINUING CONNECTED TRANSACTIONS - ENTERING INTO OF THE ADVERTISING SERVICES FRAMEWORK AGREEMENTS

ADVERTISING SERVICES FRAMEWORK AGREEMENTS

The Board announces that Shanghai TPP, a consolidated subsidiary of the Company, entered into the Advertising Services Framework Agreement I with Hangzhou Yihong and Alimama, each an indirect wholly-owned subsidiary of AGH, on January 19, 2018 for a term commencing from the effective date of the Advertising Services Framework Agreement I to March 31, 2019. Pursuant to the Advertising Services Framework Agreement I, Hangzhou Yihong and Alimama have agreed to procure their clients to use, and Shanghai TPP has agreed to provide, advertising services to promote the products or services of the clients of Hangzhou Yihong and Alimama on the online platforms and channels of Shanghai TPP.

The Board further announces that Shanghai TPP entered into the Advertising Services Framework Agreement II with Guangzhou Juyao, an indirect wholly-owned subsidiary of AGH, on January 19, 2018 for a term commencing from the effective date of the Advertising Services Framework Agreement II to March 31, 2019. Pursuant to the Advertising Services Framework Agreement II, Guangzhou Juyao has agreed to procure its clients to use, and Shanghai TPP has agreed to provide, advertising services to promote the products or services of the clients of Guangzhou Juyao on the online platforms and channels of Shanghai TPP.

LISTING RULES IMPLICATIONS

Each of Hangzhou Yihong, Alimama and Guangzhou Juyao 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, each of Hangzhou Yihong, Alimama and Guangzhou Juyao is an associate of Ali CV and hence a connected person of the Company. The entering into of the Advertising Services Framework Agreements and the

transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of (i) the highest total annual cap for the advertising service fee to be received by Shanghai TPP or (ii) the maximum rebates payable by Shanghai TPP to Hangzhou Yihong, Alimama and Guangzhou Juyao under the Advertising Services Framework Agreement I and the Advertising Services Framework Agreement II, as aggregated, are over 0.1% but less than 5%, the entering into of the Advertising Services Framework Agreements 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.

On November 17, 2017, Shanghai TPP and Hangzhou Yihong entered into the Information Dissemination Cooperation Agreement (as supplemented by the Supplemental Agreement dated December 19, 2017) in respect of the provision of the Information Dissemination Services for a term commencing from November 1, 2017 to March 31, 2018. The annual cap in respect of the Information Dissemination Services under the Information Dissemination Cooperation Agreement for the year ending March 31, 2018 is RMB12,000,000.

Since the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement are of a similar nature and have been entered into by the Group with wholly-owned subsidiaries of AGH within a 12-month period, the transactions contemplated under the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. All the applicable percentage ratios in respect of the highest total annual cap under the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement, when aggregated, are below 5%.

1. INTRODUCTION

The Board announces that Shanghai TPP, a consolidated subsidiary of the Company, entered into the Advertising Services Framework Agreement I with Hangzhou Yihong and Alimama, each an indirect wholly-owned subsidiary of AGH, on January 19, 2018 for a term commencing from the effective date of the Advertising Services Framework Agreement I to March 31, 2019. Pursuant to the Advertising Services Framework Agreement I, Hangzhou Yihong and Alimama have agreed to procure their clients to use, and Shanghai TPP has agreed to provide, advertising services to promote the products or services of the clients of Hangzhou Yihong and Alimama on the online platforms and channels of Shanghai TPP.

The Board further announces that Shanghai TPP entered into the Advertising Services Framework Agreement II with Guangzhou Juyao, an indirect wholly-owned subsidiary of AGH, on January 19, 2018 for a term commencing from the effective date of the Advertising Services Framework Agreement II to March 31, 2019. Pursuant to the Advertising Services Framework Agreement II, Guangzhou Juyao has agreed to procure its clients to use, and Shanghai TPP has

agreed to provide, advertising services to promote the products or services of the clients of Guangzhou Juyao on the online platforms and channels of Shanghai TPP.

2. PRINCIPAL TERMS OF THE ADVERTISING SERVICES FRAMEWORK AGREEMENTS

The principal terms of the Advertising Services Framework Agreement I and the Advertising Services Framework Agreement II are set out below:

2.1.1 Signing Date, Parties and Term of the Advertising Services Framework Agreement I

Date: January 19, 2018

Parties: (1) Hangzhou Yihong and Alimama as advertising service agents
(2) Shanghai TPP as advertising service provider

Term: January 19, 2018 to March 31, 2019

2.1.2 Other Principal Terms of the Advertising Services Framework Agreement I

Subject Matter

In consideration of the fee payable by Hangzhou Yihong and Alimama to Shanghai TPP, Hangzhou Yihong and Alimama have agreed to procure their clients to use, and Shanghai TPP has agreed to provide, the advertising services to promote the products or services of the clients of Hangzhou Yihong and Alimama on the online platforms and channels of Shanghai TPP.

Pricing Basis

The service fee receivable by Shanghai TPP for provision of the advertising services to Hangzhou Yihong and Alimama (as agents for and on behalf of their clients) under the Advertising Services Framework Agreement I is calculated based on the actual usage of the advertising services by the clients of Hangzhou Yihong and Alimama measured by the number of days that the relevant advertisement has been placed and displayed 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 advertisement is placed or displayed and other specific requirements on the advertising services based on the needs of the clients of Hangzhou Yihong and Alimama.

In accordance with the terms of the Advertising Services Framework Agreement I, Alimama (for itself and on behalf of Hangzhou Yihong) will be entitled to receive certain rebates from Shanghai TPP, which are calculated at progressive rates based on the actual accumulated service fee paid by Hangzhou Yihong and Alimama for the advertising services provided by Shanghai TPP during the term of the Advertising Services Framework Agreement I. The progressive rates

offered by Shanghai TPP for calculation of rebates are determined based on the size of advertising resources on its online platforms and channels and the Ad Conversion Rate as well as by reference to the general rates of rebates in the advertising agency industry.

Payment Terms

Shanghai TPP shall provide Hangzhou Yihong and Alimama with a summary of advertising services used by the clients of Alimama and Hangzhou Yihong within 5 working days upon completion of each advertising placement and also provide Alimama with relevant value-added tax invoice(s) within five (5) working days upon Hangzhou Yihong and Alimama's confirmation on the aforesaid summary of advertising services. Alimama (for itself and on behalf of Hangzhou Yihong) shall pay the corresponding advertising service fee to Shanghai TPP in cash by the end of the month following the month in which the relevant value-added tax invoice is received by Alimama from Shanghai TPP.

The rebates to Alimama (for itself and on behalf of Hangzhou Yihong) shall be settled by Shanghai TPP in three different payments during the term of the Advertising Services Framework Agreement I. The parties shall confirm (i) the amount of the actual accumulated advertising service fee receivable by Shanghai TPP and (ii) the amount of the corresponding rebates receivable by Alimama (for itself and on behalf of Hangzhou Yihong) for the period ending June 30, 2018, December 31, 2018 and March 31, 2019 within 15 days from the respective period end (being July 15, 2018, January 15, 2019 and April 15, 2019, respectively). The payment of the rebates by Shanghai TPP to Alimama (for itself and on behalf of Hangzhou Yihong) is subject to the due receipt by Shanghai TPP of the payment from Alimama (for itself and on behalf of Hangzhou Yihong) of all accumulated advertising service fee for the relevant period. The rebates shall be payable by Shanghai TPP within 20 working days from the date of receipt of the relevant value-added invoice(s) issued by Alimama (for itself and on behalf of Hangzhou Yihong) with respect to the accumulated advertising services fee incurred during the relevant period.

2.2.1 Signing Date, Parties and Term of the Advertising Services Framework Agreement II

Date: January 19, 2018

Parties: (1) Guangzhou Juyao as advertising service agent
(2) Shanghai TPP as advertising service provider

Term: January 19, 2018 to March 31, 2019

2.2.2 Other Principal Terms of the Advertising Services Framework Agreement II

Subject Matter

In consideration of the fee payable by Guangzhou Juyao to Shanghai TPP, Guangzhou Juyao has agreed to procure its clients to use, and Shanghai TPP has agreed to provide, advertising services

to promote the products or services of the clients of Guangzhou Juyao on the online platforms and channels of Shanghai TPP.

Pricing Basis

The service fee receivable by Shanghai TPP for provision of the advertising services to Guangzhou Juyao (as agent for and on behalf of its clients) under the Advertising Services Framework Agreement II is calculated based on the actual usage of the advertising services by the clients of Guangzhou Juyao measured by the number of days that the relevant advertisement has been placed and displayed 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 advertisement is placed or displayed and other specific requirements on the advertising services based on the needs of the clients of Guangzhou Juyao.

In accordance with the terms of the Advertising Services Framework Agreement II, Guangzhou Juyao will be entitled to receive certain rebates from Shanghai TPP, which are calculated at progressive rates based on the actual accumulated service fee paid by Guangzhou Juyao for the advertising services provided by Shanghai TPP during the term of the Advertising Services Framework Agreement II. The progressive rates offered by Shanghai TPP for calculation of rebates are determined based on the amount of advertising resources on its online platforms and channels and the Ad Conversion Rate as well as by reference to the general rates of rebates in the advertising agency industry.

Payment Terms

Shanghai TPP shall provide Guangzhou Juyao with a summary of advertising services used by the clients of Guangzhou Juyao upon completion of each advertising placement. Guangzhou Juyao shall pay the corresponding advertising service fee to Shanghai TPP in cash within five (5) working days after completion of each advertisement placement and Shanghai TPP shall provide Guangzhou Juyao with relevant value-added tax invoice within fifteen (15) working days upon receipt of the payment from Guangzhou Juyao.

The rebates to Guangzhou Juyao shall be settled by Shanghai TPP in three different payments during the term of the Advertising Services Framework Agreement II. The parties shall confirm (i) the amount of the actual accumulated advertising service fee receivable by Shanghai TPP and (ii) the amount of the corresponding rebates receivable by Guangzhou Juyao for the period ending June 30, 2018, December 31, 2018 and March 31, 2019 within 15 days from the respective period end (being July 15, 2018, January 15, 2019 and April 15, 2019, respectively). The payment of the rebates by Shanghai TPP to Guangzhou Juyao is subject to the due receipt by Shanghai TPP of the payment from Guangzhou Juyao of all accumulated advertising service fee for the relevant period. The rebates shall be payable by Shanghai TPP within 20 working days from the date of receipt of the relevant value-added invoice(s) issued by Guangzhou Juyao with respect to the accumulated advertising services fee incurred during the relevant period.

3. ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The annual caps for the advertising services fees receivable by Shanghai TPP under the Advertising Services Framework Agreement I and the Advertising Services Framework Agreement II are set out below:

	For the financial year ending March 31, 2018 (RMB'000)	For the financial year ending March 31, 2019 (RMB'000)
Annual cap for the advertising services fee receivable by Shanghai TPP under the Advertising Services Framework Agreement I	5,000	25,000
Annual cap for the advertising services fee receivable by Shanghai TPP under the Advertising Services Framework Agreement II	1,000	10,000
Total annual cap	6,000	35,000

The annual caps for the advertising service fees receivable by Shanghai TPP under the Advertising Services Framework Agreements are determined with reference to (i) the current advertising needs of the clients of Hangzhou Yihong, Alimama and Guangzhou Juyao on other comparable online platforms and channels and (ii) the expected rate of usage and demand for the advertising services during the term of the Advertising Services Framework Agreements, with an additional buffer of a certain percentage on top to provide for operational flexibility and potential increment in the transaction volume.

Based on the total annual cap of RMB6,000,000 and RMB35,000,000 under the Advertising Services Framework Agreements for the years ending March 31, 2018 and 2019, respectively, the maximum rebates that Alimama (for itself and on behalf of Hangzhou Yihong) and Guangzhou Juyao may receive from Shanghai TPP in respect of the actual usage of the advertising services under the Advertising Services Framework Agreements for the years ending March 31, 2018 and 2019 shall be RMB450,000 and RMB5,100,000, respectively.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE ADVERTISING SERVICES FRAMEWORK AGREEMENTS

Hangzhou Yihong, Alimama, and Guangzhou Juyao are leading companies specialized in online digital advertising, with strong operating track records and large client bases. The growing popularity of the Group's online ticketing platform Tao Piao Piao has attracted their interests in using its online platforms and channels for digital advertising. To maximize the commercial value of its online platforms and channels, Shanghai TPP has entered into the Advertising Services Framework Agreements.

Having reviewed the terms of the Advertising Services Framework Agreements, the Directors (including the independent non-executive Directors) are of the view that the terms of the Advertising Services Framework Agreements and the annual caps for the advertising service fees receivable by Shanghai TPP and the corresponding maximum rebates payable by Shanghai TPP under the Advertising Services Framework Agreements are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering into of the Advertising Services Framework Agreements is 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

Each of Hangzhou Yihong, Alimama and Guangzhou Juyao 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, each of Hangzhou Yihong, Alimama and Guangzhou Juyao is an associate of Ali CV and hence a connected person of the Company. The entering into of the Advertising Services Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of (i) the highest total annual cap for the advertising service fee to be received by Shanghai TPP or (ii) the maximum rebates payable by Shanghai TPP to Hangzhou Yihong, Alimama and Guangzhou Juyao under the Advertising Services Framework Agreement I and the Advertising Services Framework Agreement II, as aggregated, are over 0.1% but less than 5%, the entering into of the Advertising Services Framework Agreements 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.

Reference is also made to the announcement of the Company dated December 19, 2017 with respect to the Information Dissemination Cooperation Agreement. On November 17, 2017, Shanghai TPP and Hangzhou Yihong entered into the Information Dissemination Cooperation Agreement (as supplemented by the Supplemental Agreement dated December 19, 2017) in respect of the provision of the Information Dissemination Services for a term commencing from November 1, 2017 to March 31, 2018. The annual cap in respect of the Information

Dissemination Services under the Information Dissemination Cooperation Agreement for the year ending March 31, 2018 is RMB12,000,000.

Since the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement are of a similar nature and have been entered into by the Group with wholly-owned subsidiaries of AGH within a 12-month period, the transactions contemplated under the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. All the applicable percentage ratios in respect of the highest total annual cap under the Advertising Services Framework Agreements and the Information Dissemination Cooperation Agreement, when aggregated, are below 5%.

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 Advertising Services Framework Agreements and the transactions contemplated thereunder. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to in the Advertising Services Framework Agreements, the relevant annual caps and the transactions contemplated thereunder. Save for the aforesaid Directors, none of the other Directors has a material interest in in the Advertising Services Framework Agreements, the relevant annual caps 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, HANGZHOU YIHONG, ALIMAMA AND GUANGZHOU JUYAO

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 the provision of advertising services.

Alimama, being a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of AGH. Alimama operates Alibaba Group's marketing technology platform, through which it provides the publisher-side serving and demand-side functionalities for merchants and brands to place various marketing formats on Alibaba Group's marketplaces and other third-party properties.

Guangzhou Juyao, being a company established under the laws of the PRC, is an indirect wholly-owned subsidiary of AGH which is principally engaged in advertising services, computer technology development, technical services, information technology consulting services, software development and online game services.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“Ad Conversion Rate”	the average number of conversions per ad click, which is shown as a percentage and mainly used to reflect the impact of online advertising on product sales performance indicators
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“Advertising Services Framework Agreement I”	the advertising services framework cooperation agreement entered into among Hangzhou Yihong, Alimama and Shanghai TPP on January 19, 2018 for promotion and marketing of the products or services of the clients of Hangzhou Yihong and Alimama on the online platform and channels of Shanghai TPP
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“Advertising Services Framework Agreement II”	the advertising services framework cooperation agreement entered into between Guangzhou Juyao and Shanghai TPP on January 19, 2018 for promotion and marketing of the products or services of the clients of Guangzhou Juyao on the online platform and channels of Shanghai TPP
“Advertising Services Framework Agreements”	the Advertising Services Framework Agreement I and the Advertising Services Framework Agreement II
“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
“Alimama”	杭州阿里媽媽軟件服務有限公司 (Hangzhou Alimama Software Services Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of AGH
“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

“Guangzhou Juyao”	廣州聚耀信息科技有限公司 (Guangzhou Juyao Information Technology Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of AGH
“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 and as supplemented by the Supplemental Agreement dated December 19, 2017, pursuant to which Hangzhou Yihong agreed to use, and Shanghai TPP 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, January 19, 2018

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.