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

**CONNECTED TRANSACTION
IN RELATION TO
THE SALE OF RIGHTS OF DRAMA SERIES**

EXCLUSIVE PROCUREMENT AGREEMENT

The Board announces that, on June 11, 2019, Beijing Asian Union, a consolidated subsidiary of the Company, and Youku Technology, an indirect subsidiary of AGH, entered into the Exclusive Procurement Agreement, whereby Beijing Asian Union agreed to sell, and Youku Technology agreed to acquire, the Rights of the Drama Series G, a drama series currently titled as “Love Better Than Immortality” (天雷一部之春花秋月) at a cash consideration of RMB67,807,670.

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 Drama Series G 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 Drama Series G 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, the Disposal of the Movie IV and the Disposal of the Drama Series G, 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.

INTRODUCTION

The Board announces that, on June 11, 2019, Beijing Asian Union, a consolidated subsidiary of the Company, and Youku Technology, an indirect subsidiary of AGH, entered into the Exclusive Procurement Agreement, whereby Beijing Asian Union agreed to sell, and Youku Technology agreed to acquire, the Rights of the Drama Series G, a drama series currently titled as “Love Better Than Immortality” (天雷一部之春花秋月) at a cash consideration of RMB67,807,670.

EXCLUSIVE PROCUREMENT AGREEMENT

The principal terms of the Exclusive Procurement Agreement are set out below:

Date

June 11, 2019

Parties

Vendor : Beijing Asian Union, 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 Exclusive Procurement Agreement, Beijing Asian Union agreed to sell, and Youku Technology agreed to acquire, the Rights of the Drama Series G, a drama series currently titled as “Love Better Than Immortality” (天雷一部之春花秋月).

Consideration

The consideration for the Disposal of the Drama Series G is set at RMB67,807,670, which shall be payable by Youku Technology to Beijing Asian Union in cash in the following manner:

- (i) the first instalment of RMB13,561,534 shall be payable within 20 business days after (a) the signing of the Exclusive Procurement Agreement, (b) the delivery of all required documents of the the Drama Series G by Beijing Asian Union, and (c) Youku Technology having confirmed the receipt and acceptance of the relevant value-added tax invoice;
- (ii) the second instalment of RMB13,561,534 shall be payable within 20 business days after (a) the commencement of shooting of the Drama Series G, (b) the issue of a certified commencement notice by Beijing Asian Union, and (c) Youku Technology having confirmed the receipt and acceptance of the relevant value-added tax invoice;
- (iii) the third instalment of RMB13,561,534 shall be payable within 20 business days after (a) the completion of shooting of the Drama Series G, and (b) Youku Technology having confirmed the receipt and acceptance of the relevant value-added tax invoice;
- (iv) the fourth instalment of RMB13,561,534 shall be payable within 20 business days after (a) the delivery of all records of the Drama Series G by Beijing Asian Union, and (b) Youku Technology having confirmed the receipt and acceptance of the relevant value-added tax

invoice; and

- (v) the last instalment of RMB13,561,534 shall be payable within 20 business days after (a) the completion of the first broadcast of all the episodes of the Drama Series G on Youku Technology's platform(s), and (b) Youku Technology having confirmed the receipt and acceptance of the relevant value-added tax invoice.

The consideration for the Disposal of the Drama Series G was determined after arm's length negotiations between Beijing Asian Union and Youku Technology based on the parties' mutual assessment of (i) the quality, the cast and the popularity of the Drama Series G, (ii) the carrying value of the Rights of the Drama Series G, and (iii) the number of episodes of the Drama Series G to be broadcast.

INFORMATION ON THE COMPANY AND BEIJING ASIAN UNION

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.

Beijing Asian Union, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in production of broadcasting and television programs.

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.

FINANCIAL EFFECTS OF THE DISPOSAL OF THE DRAMA SERIES G 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 Rights of the Drama Series G is approximately RMB59,000,000.

It is expected that there will be a potential gain of approximately RMB4,970,000 accrued to the Group from the Disposal of the Drama Series G with reference to the carrying value of the Rights of the Drama Series G (after taking into account the anticipated necessary expenses directly related to the Disposal of the Drama Series G).

After deducting the necessary directly-related expenses, the net proceeds for the Disposal of the Drama Series G will be approximately RMB63,970,000. The Group intends to utilize the net proceeds towards general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE DRAMA SERIES G

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 Rights of the Drama Series G due to the overall commercial benefits that it may offer to the Group in the Exclusive Procurement 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 Exclusive Procurement 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 Exclusive Procurement 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 Exclusive Procurement Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Exclusive Procurement Agreement and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the said resolution(s) passed by the Board.

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 Drama Series G 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 Drama Series G 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, the Disposal of the Movie IV and the Disposal of the Drama Series G, 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
“Beijing Asian Union”	北京中聯華盟文化傳媒投資有限公司 (Beijing Asian Union Culture Media Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and a consolidated subsidiary of the Company
“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)
“Copyrights”	the copyrights of the Drama Series G, including rights of publication, authorship, alteration, integrity, reproduction, distribution, rental, exhibition, performance, release, broadcasting, online dissemination, shooting and production, adaption, translation, compiling and other rights to which the copyright owner is entitled to
“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 Beijing Asian Union 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 Drama Series G”	the sale of the Rights of the Drama Series G pursuant to the Exclusive Procurement Agreement
“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 a movie titled as “Capernaum” (何以為家) (also known as “Capharnaüm” and “迦百農”) pursuant to the agreement and the supplemental agreement between Shanghai Alibaba Pictures and Youku Technology dated June 6, 2019, details of which were disclosed in the announcement of the Company dated June 6, 2019
“Drama Series G”	a drama series currently titled as “Love Better Than Immortality” (天雷一部之春花秋月) produced by the Group
“Exclusive Procurement Agreement”	the exclusive procurement agreement dated June 11, 2019 entered into between Beijing Asian Union and Youku Technology in relation to the transfer of the Rights of the Drama Series G
“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
“Rights”	the rights attached to the Drama Series G around the world, including the Copyrights of the Drama Series G and all the rights deriving from the Drama Series G, and the related Transfer Rights and Recourse Rights
“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 Drama Series G around the world, 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 Exclusive Procurement 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
“Transfer Rights”	the transfer rights of the Drama Series G around the world, i.e. the right to allow a third party to use the Drama Series G, the right to transfer the Rights of the Drama Series G (including exclusive rights and non-exclusive rights) to a third party and the right to allow a third party to re-transfer the Rights of the Drama Series G
“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 11, 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.