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

CONTINUING CONNECTED TRANSACTIONS - MOVIE CARD COOPERATION AGREEMENT

MOVIE CARD COOPERATION AGREEMENT

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Zhixin, a wholly-owned subsidiary of Ant Financial, entered into the Movie Card Cooperation Agreement on August 14, 2018 for a term commencing from August 14, 2018 (being the date of the Movie Card Cooperation Agreement) and ending on March 31, 2019. Pursuant to the Movie Card Cooperation Agreement, Hangzhou Aurora and Ant Zhixin have agreed to jointly launch the Movie Cards, which will be sold by Hangzhou Aurora to individual users of Credit Pay (花呗) (the consumer credit product launched by Ant Financial) to entitle the holders of the Movie Cards to special discounts for purchase of movie tickets on Tao Piao Piao (the online ticketing platform operated by the Group). Ant Zhixin has agreed to pay promotion service fees to Hangzhou Aurora for the cooperation under the Movie Card Cooperation Agreement, subject to the annual cap of RMB20,000,000 for the financial year ending March 31, 2019.

LISTING RULES IMPLICATIONS

Ant Zhixin is a wholly-owned subsidiary of Ant Financial, which together with its subsidiaries were deemed as connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Ant Zhixin has been deemed as a connected person of the Company since July 2017.

The entering into of the Movie Card Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Movie Card Cooperation Agreement are more than 0.1% but less than 5%, the entering into of the Movie Card Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Zhixin, a wholly-owned subsidiary of Ant Financial, entered into the Movie Card Cooperation Agreement on August 14, 2018 for a term commencing from August 14, 2018 (being the date of the Movie Card Cooperation Agreement) and ending on March 31, 2019. Pursuant to the Movie Card Cooperation Agreement, Hangzhou Aurora and Ant Zhixin have agreed to jointly launch the Movie Cards, which will be sold by Hangzhou Aurora to individual users of Credit Pay (花唄) (the consumer credit product launched by Ant Financial) to entitle the holders of the Movie Cards to special discounts for purchase of movie tickets on Tao Piao Piao (the online ticketing platform operated by the Group). Ant Zhixin has agreed to pay promotion service fees to Hangzhou Aurora for the cooperation under the Movie Card Cooperation Agreement, subject to the annual cap of RMB20,000,000 for the financial year ending March 31, 2019.

PRINCIPAL TERMS OF THE MOVIE CARD COOPERATION AGREEMENT

Date: August 14, 2018

Parties: (1) Hangzhou Aurora

(2) Ant Zhixin

Term: the period commencing from August 14, 2018 and ending on March 31, 2019

Subject matter

Pursuant to the Movie Card Cooperation Agreement, Hangzhou Aurora and Ant Zhixin have agreed to jointly launch the Movie Cards, which will be sold by Hangzhou Aurora to individual users of Credit Pay. Each Movie Card has a valid period of 90 to 92 days and its initial retail price is set at RMB24, subject to review every three months and adjustment upon mutual agreement of the parties. The holder of a Movie Card, who purchases such Movie Card through Credit Pay, is entitled to a special discount of RMB4 for every purchase of a movie ticket on Tao Piao Piao, subject to the terms and conditions of such Movie Card.

The parties believe that the cooperation under the Movie Card Cooperation Agreement will broaden the user base of, and build stronger user loyalty for, both Credit Pay and Tao Piao Piao. Pursuant to the Movie Card Cooperation Agreement, Ant Zhixin has agreed to pay certain promotion service fees to Hangzhou Aurora.

Basis of determination of the promotion service fees

Pursuant to the Movie Card Cooperation Agreement, Ant Zhixin shall pay as promotion service fees 50% of the actual cost incurred to Hangzhou Aurora by sale of the Movie Cards through Credit Pay during the term of the Movie Card Cooperation Agreement, which shall be the difference between (i) the sum of the cost borne by Hangzhou Aurora of special discounts actually used by the holders of the Movie Cards for purchase of movie tickets on Tao Piao Piao, the online payment service fees to be paid by Hangzhou Aurora to Alipay, which shall be calculated based on the sales amount of the Movie Cards and the relevant standard rate of service

fees charged by Alipay from time to time in respect of the same type of payment services provided by Alipay to its independent customers, and the relevant taxes (the "Total Cost") and (ii) the total sales amount of the Movie Cards. If the Total Cost is less than the total sales amount of the Movie Cards, no promotion service fees will be required to be paid by Ant Zhixin to Hangzhou Aurora.

Annual cap

The Board has determined the annual cap for the promotion service fees payable by Ant Zhixin to Hangzhou Aurora under the Movie Card Cooperation Agreement for the period commencing from August 14, 2018 and ending on March 31, 2019 to be fixed at RMB20,000,000.

The above-mentioned annual cap is determined with reference to (i) the expected sales amount of the Movie Cards to be sold through Credit Pay, (ii) the expected number of times of special discounts used by each holder of the Movie Card for purchase of movie tickets on Tao Piao Piao, and (iii) a certain percentage of buffer for the increase in potential demand and usage of the Movie Cards during the term of the Movie Card Cooperation Agreement, in which there will be four box office peak seasons, namely the PRC National Day holiday, the Christmas holiday, the New Year holiday and the Lunar New Year holiday.

Payment terms

During the term of the Movie Card Cooperation Agreement, the corresponding settlement amount for every successful sale of a Movie Card paid by an individual user through Credit Pay will be immediately transferred to the Alipay account of Hangzhou Aurora.

Starting from the fifth month upon the commencement of sale of the Movie Cards through Credit Pay, the parties shall reconcile and confirm on a monthly basis (i) the sales amount, and (ii) the actual cost borne by Hangzhou Aurora with respect to all the Movie Cards sold and expired as at the end of the preceding month. Ant Zhixin shall pay the corresponding amount of promotion service fees (if any) in cash to Hangzhou Aurora within 10 business days upon receipt of the value-added tax invoices issued by Hangzhou Aurora.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOVIE CARD COOPERATION AGREEMENT

The business of Tao Piao Piao, the Group's online ticketing platform, is comparatively seasonal. During the term of the Movie Card Cooperation Agreement, there will be four peak seasons to generate box office revenues, namely the PRC National Day holiday, the Christmas holiday, the New Year holiday and the Lunar New Year holiday. The Group believes that the entering into of the Movie Card Cooperation Agreement and its cooperation with Ant Zhixin shall broaden the user base of, and build stronger user loyalty for, Tao Piao Piao so as to further strengthen Tao Piao Piao's market-leading position.

Having reviewed the terms of the Movie Card Cooperation Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Movie Card Cooperation Agreement and the relevant annual cap are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering

into of the Movie Card Cooperation Agreement 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.

LISTING RULES IMPLICATIONS

Ant Zhixin is a wholly-owned subsidiary of Ant Financial which together with its subsidiaries were deemed as connected persons of the Company by the Stock Exchange in July 2017 under Rule 14A.19 of the Listing Rules. Accordingly, Ant Zhixin has been deemed as a connected person of the Company since July 2017.

The entering into of the Movie Card Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the transactions contemplated under the Movie Card Cooperation Agreement are more than 0.1% but less than 5%, the entering into of the Movie Card Cooperation Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Fan Luyuan, the chairman of the Board and the chief executive officer of the Company, who was the president of Alipay Business Unit and Wealth Management Business Unit at Ant Financial in the last twelve months as at the date of the passing of resolutions by the Board in relation to the Movie Card Cooperation Agreement is deemed or may be perceived to have a material interest in the Movie Card Cooperation Agreement, the relevant annual cap and the transactions contemplated thereunder. Accordingly, he has abstained from voting on the resolutions passed by the Board in relation to the Movie Card Cooperation Agreement, the relevant annual cap and the transactions contemplated thereunder. Save as the aforesaid Director, none of the Directors has a material interest in the Movie Card Cooperation Agreement, the relevant annual cap and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the relevant resolutions passed by the Board.

INFORMATION ON THE COMPANY 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: (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.

Hangzhou Aurora, being a company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company, is principally engaged in the operation of the Group's online ticketing platform - Tao Piao Piao in the PRC.

INFORMATION ON ANT FINANCIAL AND ANT ZHIXIN

Ant Financial is a company incorporated in the PRC. Ant Financial provides digital payment services and other financial and value-added services to consumers and small and medium sized enterprises in the PRC and across the world, such as payment, wealth management, lending, insurance and credit system. Ant Financial leverages its customer insights and technologies to help financial institutions, independent software vendors and other partners on its platform to enhance experience of their users and improve their risk management capabilities.

Ant Zhixin, being a company established in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial, is principally engaged in provision of information technology consultation and related services.

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
"Alibaba Group"	AGH and its subsidiaries
"Alipay"	支付寶（中國）網絡技術有限公司 (Alipay.com Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial, which is principally engaged in providing payment processing service
"Ant Financial"	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.*), a company incorporated in the PRC with limited liability, which together with its subsidiaries have been deemed by the Stock Exchange as connected persons of the Company
"Ant Zhixin"	螞蟻智信（杭州）信息技術有限公司 (Ant Zhixin (Hangzhou) Information Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
"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
"Credit Pay"	花唄, the consumer credit product launched by Ant Financial, the user of which will be granted a certain credit limit to settle his/her online purchases
"Directors"	the directors of the Company
"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 an indirect non-wholly-owned subsidiary of the Company
"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 Card Cooperation Agreement"	the cooperation agreement entered into between Hangzhou Aurora and Ant Zhixin on August 14, 2018 for a term commencing from August 14, 2018 and ending on March 31, 2019 relating to the cooperation for the launch of the Movie Cards
"Movie Cards"	the virtual movie cards to be sold by Hangzhou Aurora to individual users of Credit Pay, which will entitle the holders of the movie cards to special discounts for purchase of movie tickets on Tao Piao Piao, subject to the terms and conditions of such movie cards
"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

"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
"Tao Piao Piao"	Tao Piao Piao, an online ticketing platform in the PRC operated by the Group
"%"	per cent.

* *For identification purpose only*

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

Hong Kong, August 14, 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. 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.