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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)

CONTINUING CONNECTED TRANSACTIONS - RENEWED TECHNOLOGY SERVICES AGREEMENT AND ALIFISH TECHNOLOGY SERVICES AGREEMENT

RENEWED TECHNOLOGY SERVICES AGREEMENT

The Board announces that the Company entered into the Renewed Technology Services Agreement with AGH on July 16, 2018 for a term commencing from December 31, 2017 and ending on March 31, 2020. Pursuant to the Renewed Technology Services Agreement, AGH agrees to procure the service providers (being AGH and its affiliates set out under the Original Technology Services Agreement or otherwise designated by AGH) to provide the Technology Services to the Company and its affiliates to support the Group's Tao Piao Piao and Yulebao.

For the period from December 31, 2017 to June 30, 2018, the service fee payable by the Company to AGH for the Technology Services was approximately RMB1,970,000, of which approximately RMB1,260,000 was attributable to the period from April 1, 2018 to June 30, 2018.

ALIFISH TECHNOLOGY SERVICES AGREEMENT

The Board further announces that Shouquanbao, a consolidated subsidiary of the Company, entered into the Alifish Technology Services Agreement with Tmall Technology, an indirect wholly-owned subsidiary of AGH, on January 15, 2018 for a three-year term commencing from the effective date of the Alifish Technology Services Agreement (i.e. January 15, 2018) to January 14, 2021. Pursuant to the Alifish Technology Services Agreement, Shouquanbao has agreed to use, and Tmall Technology has agreed to provide, the necessary technology services (including but not limited to data analysis and statistics, data reporting and system maintenance) for the operation of the Alifish Platform.

For the period from January 15, 2018 to June 30, 2018, the service fee payable by Shouquanbao to Tmall Technology for the technology services used under the Alifish Technology Services Agreement was approximately RMB170,000, which is within the initial expected maximum annual transaction amount of RMB668,000 under the Alifish Technology Services Agreement.

LISTING RULES IMPLICATIONS

Tmall Technology 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% of the issued share capital of the Company as at the date of this announcement. Accordingly, each of Tmall Technology and AGH is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Technology Services Agreement, the Alifish Technology Services 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 highest annual cap for the Technology Services under the Renewed Technology Services Agreement are more than 0.1% but less than 5%, the entering into of the Renewed Technology Services 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.

Since all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the expected maximum annual service fee for the technology services under the Alifish Technology Services Agreement are less than 0.1%, the entering into of the Alifish Technology Services Agreement and the transactions contemplated thereunder were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

In addition, as the Renewed Technology Services Agreement and the Alifish Technology Services Agreement are of a similar nature and have been entered into by the Group with AGH or its subsidiary within a 12-month period, the transactions contemplated under the Renewed Technology Services Agreement and the Alifish Technology Services Agreement shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

Prior to the signing of the Renewed Technology Services Agreement, the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the actual transaction amounts for (i) the Technology Services provided by AGH to the Company from December 31, 2017 and (ii) the transactions contemplated under the Alifish Technology Services Agreement, when aggregated, were less than 0.1%, and therefore these transactions were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements.

However, as all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the highest annual cap under the Renewed Technology Services Agreement and (ii) the expected maximum annual service fee (in any 12-month period) under the Alifish Technology Services Agreement, when aggregated, are more than 0.1% but less than 5%, upon the entering into of the Renewed Technology Services Agreement on July 16, 2018, such transactions are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

Reference is made to the announcement of the Company dated December 31, 2015 relating to, among others, the entering into of the Original Technology Services Agreement between AGH and the Company for a two-year term from December 31, 2015 to December 30, 2017.

The Board announces that the Company entered into the Renewed Technology Services Agreement with AGH on July 16, 2018 for a term commencing from December 31, 2017 and ending on March 31, 2020. Pursuant to the Renewed Technology Services Agreement, AGH agrees to procure the service providers (being AGH and its affiliates set out under the Original Technology Services Agreement or otherwise designated by AGH) to provide the Technology Services to the Company and its affiliates to support the Group's Tao Piao Piao and Yulebao.

The Board further announces that Shouquanbao, a consolidated subsidiary of the Company, entered into the Alifish Technology Services Agreement with Tmall Technology, an indirect wholly-owned subsidiary of AGH, on January 15, 2018 for a three-year term commencing from the effective date of the Alifish Technology Services Agreement (i.e. January 15, 2018) to January 14, 2021. Pursuant to the Alifish Technology Services Agreement, Shouquanbao has agreed to use, and Tmall Technology has agreed to provide, the necessary technology services (including but not limited to data analysis and statistics, data reporting and system maintenance) for the operation of the Alifish Platform.

2. PRINCIPAL TERMS OF THE RENEWED TECHNOLOGY SERVICES AGREEMENT AND THE ALIFISH TECHNOLOGY SERVICES AGREEMENT

The principal terms of the Renewed Technology Services Agreement and the Alifish Technology Services Agreement are set out below:

2.1.1 Signing Date, Parties and Term of the Renewed Technology Services Agreement

Date: July 16, 2018

Parties: (1) AGH, as service provider

(2) the Company, as service user

Term: the period commencing from December 31, 2017 and ending on March 31, 2020

2.1.2 Other Principal Terms of the Renewed Technology Services Agreement

Subject Matter

In consideration of the fees payable to AGH, AGH agrees to procure the service providers (being AGH and its affiliates set out under the Original Technology Services Agreement or otherwise designated by AGH) to provide the Technology Services to the Company and its affiliates to support the Group's Tao Piao Piao and Yulebao.

Basis of Determination of the Service Fees

Pursuant to the Renewed Technology Services Agreement, the service fees chargeable by AGH to the Company for the Technology Services shall be calculated on the basis of the actual costs and expenses of the service providers (being AGH and its affiliates set out under the Original Technology Services Agreement or otherwise designated by AGH) for provision of the relevant services multiplied by a mark-up percentage. Such mark-up percentage will be based on recommendations of professional third party consultant to be appointed by AGH (being an accountant firm specified under the Original Technology Services Agreement with appropriate qualifications, which will take into consideration various factors including the applicable tax laws and regulations and the statistics from comparable companies when making such recommendations) in accordance with the principle of arm's length transaction and subject to adjustment annually.

If the same or similar services are provided to an independent third party by the service providers, AGH and the Company shall negotiate and adjust the service fees with reference to the fees charged to such independent third party for such services under the Renewed Technology Services Agreement, in any case to an amount not higher than the fees payable by the independent third party.

Payment Terms

Pursuant to the Renewed Technology Services Agreement, the service fees shall be charged by the service provider(s) to the Company on a quarterly basis and settled by the Company within 10 business days upon its receipt of the invoice(s).

2.2.1 Signing Date, Parties and Term of the Alifish Technology Services Agreement

Date: January 15, 2018

Parties: (1) Tmall Technology, an indirect wholly-owned subsidiary of AGH and a connected person of the Company, as service provider

(2) Shouquanbao, a consolidated subsidiary of the Company, as service user

Term: three years commencing from January 15, 2018 and ending on January 14, 2021

2.2.2 Other Principal Terms of the Alifish Technology Services Agreement

Subject Matter

In consideration of the fees payable to Tmall Technology, Tmall Technology agrees to provide Shouquanbao with the necessary technology services (including but not limited to data analysis and statistics, data reporting and system maintenance) for the operation of the Alifish Platform.

Basis of Determination of the Service Fees

Pursuant to the Alifish Technology Services Agreement, the service fees chargeable by Tmall Technology to Shouquanbao for provision of the technology services without added value shall be calculated on the basis of the actual costs and expenses of Tmall Technology, while the service fees chargeable by Tmall Technology to Shouquanbao for provision of the technology services with added value shall be calculated on the basis of the actual costs and expenses of Tmall Technology multiplied by a mark-up percentage. Such mark-up percentage will be based on recommendations of professional third party consultant to be appointed by Tmall Technology in accordance with the principle of arm's length transaction and subject to adjustment annually.

Payment Terms

Pursuant to the Alifish Technology Services Agreement, the service fees shall be charged by Tmall Technology to Shouquanbao on a quarterly basis and settled within 10 business days upon receipt of the invoice(s).

3. ANNUAL CAPS, MAXIMUM ANNUAL SERVICE FEE AND THEIR BASIS OF DETERMINATION

The actual fees paid/payable by the Group for the Technology Services under the Original Technology Services Agreement (i) for the first 12-month period ended December 30, 2016 amounted to approximately RMB1,458,000, compared to (ii) that of approximately RMB2,102,000 paid/payable by the Group thereunder for the second 12-month period ended December 30, 2017.

The actual transaction amount for the Technology Services provided by AGH to the Company for the period from December 31, 2017 to June 30, 2018 was approximately RMB1,970,000, of which approximately RMB1,260,000 was attributable to the period from April 1, 2018 to June 30, 2018.

The Board has determined the annual caps for the service fees under the Renewed Technology Services Agreement for the financial years ending March 31, 2019 and March 31, 2020 to be fixed at RMB8,400,000 and RMB10,000,000, respectively.

The service fee payable by Shouquanbao to Tmall Technology for the technology services used under the Alifish Technology Services Agreement was approximately RMB170,000 for the period from January 15, 2018 to June 30, 2018. It is expected that the maximum annual service fee (in any 12-month period) for the technology services under the Alifish Technology Services Agreement would not exceed RMB668,000.

The above-mentioned annual caps/expected maximum annual service fee are determined with reference to (i) the average costs of the relevant services based on the historical usage pattern and volume; and (ii) the estimates of the fees payable by the Group by reference to the average costs and the estimated demand of each of Tao Piao Piao, Yulebao and Shouquanbao for the relevant services, and a certain percentage of buffer for potential increment in the service fees chargeable by AGH/Tmall Technology (as the case may be).

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED TECHNOLOGY SERVICES AGREEMENT AND THE ALIFISH TECHNOLOGY SERVICES AGREEMENT

After (i) the acquisition of Tao Piao Piao (known as Online Movie Ticketing Business as defined in the Company's circular dated December 9, 2015 and announcement dated December 31, 2015 in relation to the Company's acquisition of Online Movie Ticketing Business) and Yulebao by the Company from AGH and (ii) the grant of the exclusive operating rights of the Alifish Platform by Tmall Technology to Shouquanbao, ancillary support (such as technology infrastructure) from AGH/Tmall Technology is required to maintain the operation of Tao Piao Piao, Yulebao and the Alifish Platform, respectively.

Alibaba Group has been providing the relevant services for the operation of Tao Piao Piao, Yulebao and the Alifish Platform before the acquisition and the grant. Therefore, Alibaba Group is familiar with the technology requirements of Tao Piao Piao, Yulebao and the Alifish Platform and is able to provide more reliable and timely technology services when required. The entering into of the Renewed Technology Services Agreement and the Alifish Technology Services Agreement will allow the Company to continue to leverage on the mature infrastructure and coverage already built by Alibaba Group and promote better cooperation between Alibaba Group and the Group. The Company may, however, from time to time review the terms of the services contemplated under the Renewed Technology Services Agreement and the Alifish Technology Services Agreement against the terms and services offered by third party service providers and re-assess the commercial desirability of such arrangements.

Having reviewed the terms of the Renewed Technology Services Agreement and the Alifish Technology Services Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Technology Services Agreement and the Alifish Technology Services Agreement and the relevant annual caps/expected maximum annual service fee are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering into of the Renewed Technology Services Agreement and the Alifish Technology Services 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.

5. LISTING RULES IMPLICATIONS

Tmall Technology 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% of the issued share capital of the Company as at the date of this announcement. Accordingly, each of Tmall Technology and AGH is an associate of Ali CV and hence a connected person of the Company. The entering into of the Renewed Technology Services Agreement, the Alifish Technology Services 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 highest annual cap for the Technology Services under the Renewed Technology Services Agreement are more than 0.1% but less than 5%, the entering into of the Renewed Technology Services 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.

Since all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the expected maximum annual service fee for the technology services under the Alifish Technology Services Agreement are less than 0.1%, the entering into of the Alifish Technology Services Agreement and the transactions contemplated thereunder were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

In addition, as the Renewed Technology Services Agreement and the Alifish Technology Services Agreement are of a similar nature and have been entered into by the Group with AGH or its subsidiary within a 12-month period, the transactions contemplated under the Renewed Technology Services Agreement and the Alifish Technology Services Agreement shall be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules.

Prior to the signing of the Renewed Technology Services Agreement, the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the actual transaction amounts for (i) the Technology Services provided by AGH to the Company from December 31, 2017 and (ii) the transactions contemplated under the Alifish Technology Services Agreement, when aggregated, were less than 0.1%, and therefore these transactions were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements.

However, as all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the highest annual cap under the Renewed Technology Services Agreement and (ii) the expected maximum annual service fee (in any 12-month period) under the Alifish Technology Services Agreement, when aggregated, are more than 0.1% but less than 5%, upon the entering into of the Renewed Technology Services Agreement on July 16, 2018, such transactions are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Yu Yongfu, Mr. Shao Xiaofeng and Mr. Fan Luyuan (since February 2018) are employees of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Renewed Technology Services Agreement, the relevant annual caps and the transactions contemplated thereunder. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to the Renewed Technology Services Agreement, the relevant annual caps and the transactions contemplated thereunder. To avoid any possible conflict of interest, Mr. Yu Yongfu and Mr. Shao Xiaofeng have also abstained from voting on all resolutions passed by the Board in relation to the Alifish Technology Services Agreement.

Save for the aforesaid Directors, none of the other Directors has a material interest in the Renewed Technology Services Agreement, the relevant annual caps, the Alifish Technology Services Agreement 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 SHOUQUANBAO

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.

Shouquanbao, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in advertising, sale of entertainment related merchandise and derivatives and operating the Alifish Platform.

7. INFORMATION ON AGH, ALIBABA GROUP AND TMALL TECHNOLOGY

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.

Tmall Technology is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of AGH. Tmall Technology is principally engaged in the provision of software and technology services for Tmall.

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
"Ali CV"	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of AGH
"Alifish Platform"	Alifish, an IP trading platform of Alibaba Group, the three-year exclusive operating rights of which has been granted by Alibaba Group to Shouquanbao in accordance with the Business Licensing Agreement
"Alifish Technology Services Agreement"	the technology services agreement entered into between Tmall Technology and Shouquanbao on January 15, 2018 for a three-year term commencing from January 15, 2018 to January 14, 2021, upon the signing of the Business Licensing Agreement
"associate(s)"	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
"Board"	the board of Directors
"Business Licensing Agreement"	the business licensing agreement entered into between Tmall Technology and Shouquanbao on January 15, 2018 for a three-year term commencing from January 15, 2018 to January 14, 2021, the entering into of which constituted a de minimis continuing connected transaction of the Company under chapter 14A of the Listing Rules
"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
"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
" Original Technology Services Agreement"	the technology services agreement entered into between AGH and the Company on December 31, 2015 for a two-year term commencing from December 31, 2015 and ending on December 30, 2017
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
"Renewed Technology Services Agreement"	the renewed technology services agreement entered into between AGH and the Company on July 16, 2018 for a term commencing from December 31, 2017 and ending on March 31, 2020
"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
"Shouquanbao"	阿里巴巴授權寶（天津）文化傳播有限公司 (Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.*), a company established in the PRC with limited liability and a consolidated subsidiary 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
"Tao Piao Piao"	Tao Piao Piao, a leading online ticketing platform in the PRC operated by the Group

"Technology Services"	the technology services provided by AGH (or its affiliates) to the Company (or its affiliates) to support the Group's Tao Piao Piao and Yulebao, which mainly include (i) provision of servers, co-location and bandwidth; and (ii) with respect to Tao Piao Piao, access to certain systems (including the transaction system, marketing system, pricing system, BD task flow management system, basic data management system and interface and client relationship management system)
"Tmall Technology"	浙江天貓技術有限公司 (Zhejiang Tmall Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of AGH
"Yulebao"	a sales platform for consumer finance products that the Company introduced in collaboration with renowned trustees, through which users can purchase consumption rights of and share the revenue generated from a series of TV & film projects
"%"	per cent.

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

Hong Kong, July 16, 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.