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

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COPYRIGHTS PROCUREMENT FRAMEWORK AGREEMENT

COPYRIGHTS PROCUREMENT FRAMEWORK AGREEMENT

The Board announces that, on December 6, 2019, Alibaba Pictures (Tianjin), a consolidated subsidiary of the Company, entered into the Copyrights Procurement Framework Agreement with Youku Technology for a term commencing from December 6, 2019 and ending on March 31, 2022, whereby the parties agreed that Youku Technology and/or any of its affiliates may transfer to Alibaba Pictures (Tianjin) and/or any of its affiliates, and/or grant Alibaba Pictures (Tianjin) and/or any of its affiliates a license to use, all or part of its Copyrights on the Target Works for the production of films and dramas, promotion and distribution and other businesses of Alibaba Pictures (Tianjin) and/or any of its affiliates, subject to the Annual Caps.

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 50.64% 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 entering into of the Copyrights Procurement Framework 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 as defined in the Listing Rules in respect of the highest Annual Cap for the fees payable by Alibaba Pictures (Tianjin) and/or any of its affiliates to Youku Technology and/or any of its affiliates are more than 0.1% but less than 5%, the entering into of the Copyrights Procurement Framework 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.

THE COPYRIGHTS PROCUREMENT FRAMEWORK AGREEMENT

Date

December 6, 2019

Parties

- (1) Alibaba Pictures (Tianjin), a consolidated subsidiary of the Company; and
- (2) Youku Technology, an indirect subsidiary of AGH and a connected person of the Company

Term

The period commencing on December 6, 2019 and ending on March 31, 2022

Subject matter

Pursuant to the Copyrights Procurement Framework Agreement, Alibaba Pictures (Tianjin) and/or any of its affiliates may enter into specific agreements with Youku Technology and/or any of its affiliates, whereby Youku Technology and/or any of its affiliates may transfer to Alibaba Pictures (Tianjin) and/or any of its affiliates, and/or grant Alibaba Pictures (Tianjin) and/or any of its affiliates a license to use, all or part of its Copyrights on the Target Works for the production of films and dramas, promotion and distribution and other businesses of Alibaba Pictures (Tianjin) and/or any of its affiliates.

Basis of determination of the purchase price of the Copyrights on the Target Works

For written works and cartoons, the purchase price payable by Alibaba Pictures (Tianjin) and/or any of its affiliates shall be mutually and reasonably agreed by the parties with reference to the original acquisition cost of the Copyrights incurred by Youku Technology and/or any of its affiliates, term and restrictions of the Copyrights, popularity of the works and/or any other criteria as agreed by the parties.

For movies, TV and online dramas, the purchase price payable by Alibaba Pictures (Tianjin) and/or any of its affiliates shall be mutually and reasonably agreed by the parties with reference to the production cost, the original acquisition cost of the Copyrights incurred by Youku Technology and/or any of its affiliates, popularity of the works and/or any other criteria as agreed by the parties.

For musical works, the purchase price payable by Alibaba Pictures (Tianjin) and/or any of its affiliates shall be mutually and reasonably agreed by the parties with reference to the standard fees for use of copyrights fixed by the Music Copyright Society of China, regions and methods for use of the Copyrights, term of the Copyrights, the original acquisition cost of the Copyrights incurred by Youku Technology and/or any of its affiliates, popularity of the works and/or any other criteria as agreed by the parties.

Apart from the Target Works listed above, the purchase price of other Target Works payable by Alibaba Pictures (Tianjin) and/or any of its affiliates shall be mutually and reasonably agreed by the parties with reference to the original acquisition cost of the Copyrights incurred by Youku Technology and/or any of its affiliates, popularity of the works and/or any other criteria as agreed by the parties.

However, given that each of the Target Works has its unique features and the above factors are not generic in nature which highlights the versatility and distinctiveness of each Target Works, there is no quantitative formula for determining the purchase prices of the Copyrights of the Target Works.

In any event, all of the above purchase prices payable by Alibaba Pictures (Tianjin) and/or any of its affiliates to Youku Technology and/or any of its affiliates will not be more favourable to Youku Technology and/or any of its affiliates, nor are they less favourable to Alibaba Pictures (Tianjin) and/or any of its affiliates, than those available to or from any independent third party under the same or similar conditions.

INTERNAL CONTROL MEASURES

Based on the control measures set out below, the Company considers that: (a) the factors to be taken into consideration in calculating all the above purchase prices are in line with the normal market practices; and (b) there should be no material difference between the pricing arrangements under the the Copyrights Procurement Framework Agreement and those with independent third parties, thereby ensuring the fees payable under the Copyrights Procurement Framework Agreement being on normal commercial terms and no more favorable than similar transactions and arrangements with independent third parties.

The Company will from time to time review the purchase prices and the pricing basis by comparing them against the prices for comparable cooperation payable by the Group to any independent third party. The finance department of the Company will also from time to time conduct market researches, which may include obtaining the market information on the purchase prices and/or pricing basis for similar works that are bought by other market participants from other independent parties comparable to Youku Technology or from Youku Technology, to ensure that the purchase prices and the pricing basis are in line with the normal market practices and no more favourable to Youku Technology and/or any of its affiliates than those available to any independent third party under the same or similar conditions. It will also regularly collect information and monitor the actual transactions conducted with the relevant parties and the corresponding fees incurred under the Copyrights Procurement Framework Agreement on a regular basis (i.e. six months) and will update such information to the chief financial officer of the Company.

In addition, the independent non-executive Directors will conduct annual independent review on the above control measures and the transactions to ensure that the transactions are entered into through arm's length negotiations and on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the transactions. The auditor of the Company would also conduct an annual review on the pricing basis and the Annual Caps under the Copyrights Procurement Framework Agreement. The Company will facilitate the provision of necessary information to its independent non-executive Directors and auditor for the purpose of such

review. In addition, the Board will continue to review on a regular basis the Company's internal control system and its effectiveness.

PAYMENT TERMS

All of the fees chargeable under the Copyrights Procurement Framework Agreement shall be settled on a project basis pursuant to the payment terms set out in the specific agreements to be entered into between the parties for each project. Payment schedule shall be determined on case-by-case basis with reference to the type and the progress schedule of each project.

SPECIFIC AGREEMENTS

Alibaba Pictures (Tianjin) and/or any of its affiliates and Youku Technology and/or any of its affiliates may from time to time enter into specific agreements which set out the detailed terms of the transactions (including payment terms) contemplated under the Copyrights Procurement Framework Agreement in accordance with the terms of the Copyrights Procurement Framework Agreement. The terms of the specific agreements will be negotiated on an arm's length basis between the parties.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The Board has determined the Annual Caps for the procurement of the Copyrights on the Target Works under the Copyrights Procurement Framework Agreement for the three financial years ending March 31, 2020, March 31, 2021 and March 31, 2022 to be fixed at RMB35,000,000, RMB60,000,000 and RMB60,000,000, respectively.

The Annual Caps are determined with reference to (1) the annual plan for the development and production of the Group's films and TV dramas; (2) the current stock of, and future increase in, the copyrights of Youku Technology and its affiliates; (3) the degree to which the themes and genres that the Group primarily intends to develop match its existing copyrights, having taken into account, among other factors, the level of difficulty in copyright development and length of development cycle; and (4) reasonable expectations of market prices for copyrights of different levels and types.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COPYRIGHTS PROCUREMENT FRAMEWORK AGREEMENT

In order to reinforce its capability to continuously produce quality contents, the entering into of the Copyrights Procurement Framework Agreement will enable the Group to acquire premium and rare copyright resources in the industry by leveraging Alibaba Group's overall content deployment and strengths in resource connectivity. Meanwhile, through upstream-downstream synergies within the industry chain, the Group will be able to empower the development and production of quality film and TV productions at source, as well as explore more themes and genres in content development, which will in turn allow it to repeatedly make new breakthroughs in content production and enhance the Group's influence in the industry.

Having reviewed the terms of the Copyrights Procurement Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Copyrights Procurement Framework Agreement and the Annual Caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering into of the Copyrights Procurement Framework 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.

As (i) Ms. Zhang Yu is an employee of Ant Financial or its subsidiary and a former employee of AGH or its subsidiary in the last twelve months as at the date of the passing of the resolution(s) by the Board in relation to the Copyrights Procurement Framework Agreement; and (ii) each of Mr. Fan Luyuan, Mr. Meng Jun and Mr. Chang Yang is an employee of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Copyrights Procurement Framework Agreement, the Annual Caps and the transactions contemplated thereunder. As such, Ms. Zhang Yu, Mr. Fan Luyuan, Mr. Meng Jun and Mr. Chang Yang have abstained from voting on the resolution(s) passed by the Board in relation to the Copyrights Procurement Framework Agreement, the Annual Caps and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Copyrights Procurement Framework Agreement, the Annual Caps and the transactions contemplated thereunder which requires any of them to abstain from voting on the Board resolution(s) in relation thereto.

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 50.64% 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 entering into of the Copyrights Procurement Framework 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 as defined in the Listing Rules in respect of the highest Annual Cap for the fees payable by Alibaba Pictures (Tianjin) and/or any of its affiliates to Youku Technology and/or any of its affiliates are more than 0.1% but less than 5%, the entering into of the Copyrights Procurement Framework 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.

INFORMATION ON THE COMPANY AND ALIBABA PICTURES (TIANJIN)

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 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 online-to-

offline (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.

Alibaba Pictures (Tianjin), 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 & television programs.

INFORMATION ON AGH, ALIBABA GROUP AND YOUKU TECHNOLOGY

AGH is a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code 9988). Alibaba Group's mission is to make it easy to do business anywhere. Alibaba Group aims to build the infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 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 IP management, business planning and technology development.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“affiliate(s)”	with respect to any designated entity, any other entity that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity; for the purpose of this announcement, Youku Technology together with its affiliates and the Company together with its subsidiaries shall not be deemed to be an affiliate of each other
“AGH”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares listed on the Main Board of the Stock Exchange, stock code 9988

“Alibaba Pictures (Tianjin)”	阿里巴巴影業（天津）有限公司(Alibaba Pictures (Tianjin) Co., Ltd.*) (formerly known as 華盟（天津）文化傳媒有限公司 (Huameng (Tianjin) Culture Media Co., Ltd.*)), a company established in the PRC with limited liability and a consolidated subsidiary of the Company
“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
“Annual Caps”	the expected annual maximum transaction amounts payable by Alibaba Pictures (Tianjin) and/or any of its affiliates to Youku Technology and/or any of its affiliates in respect of the transactions contemplated under the Copyrights Procurement Framework Agreement for the three financial years ending March 31, 2020, March 31, 2021 and March 31, 2022, and each an “Annual Cap”
“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 and an associate of AGH
“associate(s)”	has the meaning ascribed to it under 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”	has the meaning ascribed to it under the Listing Rules
“Copyrights”	the copyrights, 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

“Copyrights Procurement Framework Agreement”	the Copyrights Procurement Framework Agreement entered into between Alibaba Pictures (Tianjin) and Youku Technology on December 6, 2019 in relation to the procurement of the Copyrights on the Target Works
“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
“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
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Works”	the works, including but not limited to written works, cartoons, movies, TV and online dramas, musical works and any other works governed by the relevant laws and administrative regulations, and the Copyrights of such works are owned by Youku Technology and/or any of its affiliates
“TV”	television
“Youku Technology”	北京優酷科技有限公司 (Beijing Youku Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect subsidiary of AGH

“%”

per cent

** For identification purposes only*

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

Hong Kong, December 6, 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.