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

**CONNECTED TRANSACTIONS
IN RELATION TO
(1) THE GRANT OF LICENSE TO USE ONLINE DISSEMINATION RIGHTS
OF A MOVIE;
(2) THE SALE OF NEW MEDIA BROADCASTING RIGHTS OF DRAMA SERIES
AND
ONLINE DISSEMINATION RIGHTS OF MOVIES**

LICENSE AGREEMENT

The Board announces that, on May 31, 2019, Shanghai Alibaba Pictures, a consolidated subsidiary of the Company, and Youku Technology, an indirect subsidiary of AGH, entered into the License Agreement, whereby Shanghai Alibaba Pictures agreed to grant Youku Technology a license for the Online Dissemination Rights of the Movie III, a movie titled as “Peppa Celebrates Chinese New Year” (小豬佩奇過大年). The relevant license fee payable by Youku Technology to Shanghai Alibaba Pictures under the License Agreement amounts to RMB4,500,000.

NEW MEDIA BROADCASTING RIGHTS TRANSFER AGREEMENT AND NMBR SUPPLEMENTAL AGREEMENT

The Board also announces that, on May 31, 2019, Huameng (Tianjin), a consolidated subsidiary of the Company, and Youku Technology, an indirect subsidiary of AGH, entered into the New Media Broadcasting Rights Transfer Agreement, whereby Huameng (Tianjin) agreed to sell, and Youku Technology agreed to acquire, the New Media Broadcasting Rights of the Drama Series F, a drama series currently titled as “Hello Prosecutor” (你好檢察官) and jointly produced by the Group and other independent third party investors.

The consideration for the Disposal of the Drama Series F is RMB150,000,000 (inclusive of taxes). According to the joint investment arrangement between the Group and the other independent third party investors, the Group is entitled to receive 60% of the consideration for the Disposal of the Drama Series F, including the investment income sharing and the promotion and distribution services fee.

The Board further announces that, on May 31, 2019, Huameng (Tianjin) and Youku Technology entered into the NMBR Supplemental Agreement, whereby Huameng (Tianjin) was granted an

unconditional option by Youku Technology to repurchase the New Media Broadcasting Rights of the Drama Series F from Youku Technology at the expiry of 10 years from the date on which the Drama Series F is first released on Youku Technology's platform(s) at a consideration of RMB1.

ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT I AND SUPPLEMENTAL AGREEMENT I

The Board also announces that, on March 11, 2019, Zhejiang Dongyang, a consolidated subsidiary of the Company, and Youku Technology entered into the Online Dissemination Rights Transfer Agreement I, whereby Zhejiang Dongyang (for and on behalf of the copyright owner(s) of the Movie I) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie I, a movie titled as "Dead Pigs" (海上浮城) and jointly produced by the Group and other independent third party investors.

The total consideration for the Disposal of the Movie I comprises: (i) the Copyright Transfer Fee which was initially set at RMB500,000 and would increase as the Movie I's total box office revenue in the PRC grows, subject to a maximum of RMB14,000,000, and (ii) 50% of the total net income from the Online Movie On-demand Service. According to the joint investment arrangement between the Group and the other independent third party investor(s), the Group is entitled to receive 50% of the total consideration for the Disposal of the Movie I, including the investment income sharing and the promotion and distribution services fee.

The Board further announces that, on March 11, 2019, Zhejiang Dongyang and Youku Technology entered into the Supplemental Agreement I, whereby Zhejiang Dongyang (for and on behalf of the copyright owner(s) of the Movie I) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie I from Youku Technology at the expiry of 15 years from the date on which the Movie I is first released on platform(s) of and/or authorized by Youku Technology at a consideration of RMB1.

ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT II AND SUPPLEMENTAL AGREEMENT II

The Board also announces that, on April 25, 2019, Shanghai Alibaba Pictures and Youku Technology entered into the Online Dissemination Rights Transfer Agreement II, whereby Shanghai Alibaba Pictures (for and on behalf of the copyright owner(s) of the Movie II) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie II, a movie titled as "Green Book" (綠皮書) and jointly produced by the Group and other independent third party investor(s).

The Copyright Transfer Fee for the Disposal of the Movie II was initially set at RMB9,000,000 and would increase as the Movie II's total box office revenue in the PRC grows, subject to a maximum of RMB50,000,000. According to the joint investment arrangement between the Group and the other independent third party investor(s), the Group is entitled to receive 10% of the total consideration for the Disposal of the Movie II, including the investment income sharing and the promotion and distribution services fee.

The Board further announces that, on April 25, 2019, Shanghai Alibaba Pictures and Youku Technology entered into the Supplemental Agreement II, whereby Shanghai Alibaba Pictures (for and on behalf of the copyright owner(s) of the Movie II) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie II from Youku

Technology (i) at the expiry of 10 years from the date on which the Movie II is first released on platform(s) of and/or authorized by Youku Technology or (ii) before November 14, 2030, whichever is the earlier, at a consideration of RMB1.

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. Each of the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II and the Grant of License of the Movie III constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal of the Movie I and the Disposal of the Movie II, when aggregated, were less than 0.1%, the entering into of the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions contemplated thereunder were exempt from disclosure requirement under Chapter 14A of the Listing Rules at the time of signing of such agreements.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II and the Grant of License of the Movie III are 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 and the Grant of License of the Movie III, 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 Disposal of the Drama Series E and the Disposal of the 2018 Movie were disclosed in the announcements of the Company dated July 11, 2018 and September 12, 2018 respectively.

1. GRANT OF LICENSE OF THE MOVIE III

1.1 LICENSE AGREEMENT

Date

May 31, 2019

Parties

Licensor : Shanghai Alibaba Pictures, a consolidated subsidiary of the Company

Licensee : Youku Technology, an indirect subsidiary of AGH and a connected person of the Company

Subject Matter

Pursuant to the License Agreement, Shanghai Alibaba Pictures agreed to grant Youku Technology a license for the Online Dissemination Rights of the Movie III.

Term

The term of the License Agreement shall start from the date of the License Agreement and shall expire two years after the Movie III is first released on platform(s) of and/or authorized by Youku Technology no later than two weeks after May 31, 2019. Upon the expiry of the term of the License Agreement, Youku Technology is given an extra 30 days to withdraw the Movie III offline from the platform(s) and has priority to renew the License Agreement with Shanghai Alibaba Pictures subject to the same terms and conditions of the License Agreement.

License Fee

The License Fee for the Grant of License of the Movie III is RMB4,500,000, which shall be payable by Youku Technology to Shanghai Alibaba Pictures in cash in the following manner, subject to the deduction of any amount due to the default of Shanghai Alibaba Pictures pursuant to the License Agreement:

- (i) the first instalment of RMB675,000 shall be payable within 20 business days after the date of the License Agreement;
- (ii) the second instalment of RMB2,475,000 shall be payable within 20 business days after the date on which the Movie III is first released online upon Youku Technology having confirmed the receipt and acceptance of all required documents (for those copyright documents, which are required to be notarized, can be provided before the payment of the last instalment) and records of the Movie III; and
- (iii) the last instalment of RMB1,350,000 shall be payable within 20 business days after the date on which the Movie III is first released on platform(s) of Youku Technology and the delivery of all notarized copyright documents.

The License Fee was determined after arm's length negotiations between Shanghai Alibaba Pictures and Youku Technology based on the parties' mutual assessment of (i) the popularity of the Movie III and (ii) the carrying value of the Online Dissemination Rights of the Movie III.

Completion

Completion of the License Agreement is not subject to any conditions precedent. Shanghai Alibaba Pictures shall deliver (i) all required documents (except all notarized copyright documents) of the Movie III before payment of the second instalment of the License Fee and at least three days before the Movie III is first released on the Youku Technology's platform(s), (ii) all records of the Movie III before payment of the second instalment of the License Fee and (iii) all notarized copyright documents of the Movie III before payment of the last instalment of the License Fee and at least three days before the Movie III is first released on the Youku Technology's platform(s).

2. DISPOSAL OF THE DRAMA SERIES F

2.1 NEW MEDIA BROADCASTING RIGHTS TRANSFER AGREEMENT

Date

May 31, 2019

Parties

Vendor : Huameng (Tianjin), 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 New Media Broadcasting Rights Transfer Agreement, Huameng (Tianjin) agreed to sell, and Youku Technology agreed to acquire, the New Media Broadcasting Rights of the Drama Series F, which is jointly produced by the Group and other independent third party investors. The transfer of the New Media Broadcasting Rights of the Drama Series F is perpetual, subject to the expiry of the copyright protection period of the Drama Series F.

Consideration

The consideration for the Disposal of the Drama Series F is RMB150,000,000 (inclusive of taxes), which shall be payable by Youku Technology to Huameng (Tianjin) in cash in the following manner:

- (i) the first instalment of RMB30,000,000 shall be payable within 20 business days after the date of the New Media Broadcasting Rights Transfer Agreement and the provision of a copy of the latest business certificate by Huameng (Tianjin);
- (ii) the second instalment of RMB15,000,000 shall be payable within 20 business days after the commencement of shooting of the Drama Series F and the issue of a written commencement notice by Huameng (Tianjin);
- (iii) the third instalment of RMB15,000,000 shall be payable within 20 business days after the completion of shooting of the Drama Series F and the issue of a written completion notice by Huameng (Tianjin);
- (iv) the fourth instalment of RMB45,000,000 shall be payable within 20 business days upon Youku Technology having confirmed the receipt and acceptance of all required documents and records of the Drama Series F; and
- (v) the fifth instalment of RMB45,000,000 shall be payable within 20 business days after the first release of all episodes of the Drama Series F on Youku Technology's platform(s).

The consideration for the Disposal of the Drama Series F was determined after arm's length negotiations between Huameng (Tianjin) and Youku Technology based on the parties' mutual assessment of (i) the quality, the cast and the popularity of the Drama Series F, (ii) the carrying value of the New Media Broadcasting Rights of the Drama Series F, and (iii) the number of episodes of the Drama Series F.

According to the joint investment arrangement between the Group and the other independent third party investors, the Group is entitled to receive 60% of the consideration for the Disposal of the Drama Series F, including the investment income sharing and the promotion and distribution services fee.

Marketing cooperation

Huameng (Tianjin) and Youku Technology agreed to cooperate in various innovative advertising services with respect to the Drama Series F by entering into specific agreement(s) ("Marketing Cooperation"). The total income to be generated from such innovative advertising services after deducting the agency fee for exploring business opportunities (i.e. 20% of the total income) shall be shared by Huameng (Tianjin) and Youku Technology as to 30% and 70% respectively. The production costs shall be borne by Huameng (Tianjin). Huameng (Tianjin) and Youku Technology may enter into further agreement(s) to set out further details of the Marketing Cooperation.

Completion

Completion of the New Media Broadcasting Rights Transfer Agreement is not subject to any conditions precedent. Huameng (Tianjin) shall deliver to Youku Technology (i) all required documents of the Drama Series F at least 45 days before the Drama Series F is first released on the Youku Technology's platform(s), and (ii) all records of the Drama Series F before October 31, 2019.

2.2 NMBR SUPPLEMENTAL AGREEMENT

On May 31, 2019, Huameng (Tianjin) and Youku Technology also entered into the NMBR Supplemental Agreement, whereby Huameng (Tianjin) was granted an unconditional option by Youku Technology to repurchase the New Media Broadcasting Rights of the Drama Series F from Youku Technology at the expiry of 10 years from the date on which the Drama Series F is first released on Youku Technology's platform(s) at a consideration of RMB1 which shall be payable by Huameng (Tianjin) to Youku Technology in cash at the time of exercising the option. Such nominal consideration for the NMBR Supplemental Agreement was determined after arm's length negotiations between Huameng (Tianjin) and Youku Technology.

3. DISPOSAL OF THE MOVIE I

3.1 ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT I

Date

March 11, 2019

Parties

Vendor : Zhejiang Dongyang, 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 Online Dissemination Rights Transfer Agreement I, Zhejiang Dongyang (for and on behalf of the copyright owner(s) of the Movie I) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie I, which is jointly produced by the Group and other independent third party investor(s).

Consideration

The total consideration for the Disposal of the Movie I comprises: (i) the Copyright Transfer Fee, and (ii) the net income from the Online Movie On-demand Service:

a. Copyright Transfer Fee

The Copyright Transfer Fee for the Disposal of the Movie I was initially set at RMB500,000 and would increase as the Movie I's total box office revenue in the PRC grows, subject to a maximum of RMB14,000,000.

The base Copyright Transfer Fee of RMB500,000 was fully paid by Youku Technology to Zhengjiang Dongyang on May 23, 2019; the last instalment of the Copyright Transfer Fee (if any) (being the difference between (a) the final Copyright Transfer Fee for the Disposal of the Movie I to be determined according to the Movie I's final total box office revenue in the PRC and (b) the base Copyright Transfer Fee of RMB500,000 paid for such disposal plus, if any, a deductible amount (such as any damages payable by Zhejiang Dongyang under the Online Dissemination Rights Transfer Agreement I)) shall be payable within 20 business days after Youku Technology confirms the receipt and acceptance of the box office results issued and certified by the cinemas or relevant film authority.

b. Net Income from the Online Movie On-demand Service

Youku Technology shall pay to Zhejiang Dongyang in cash 50% of the net income of Youku Technology's on-demand service for online viewing of the Movie I on platform(s) of Youku Technology or any of its working parties (the "Online Movie On-demand Service") within 10 business days upon receipt and acceptance of the value-added tax invoices issued

by Zhejiang Dongyang.

As at the date of this announcement, Youku Technology has paid the base Copyright Transfer Fee of RMB500,000 to Zhejiang Dongyang in relation to the Disposal of the Movie I. It is expected that the remaining amount of the total consideration for such disposal payable by Youku Technology is approximately RMB100,000.

The total consideration for the Disposal of the Movie I was determined after arm's length negotiations between Zhejiang Dongyang and Youku Technology based on the parties' mutual assessment of (i) the quality, the cast and the popularity of the Movie I, (ii) the carrying value of the Online Dissemination Rights of the Movie I, (iii) the expected total box office revenue of the Movie I, and (iv) the expected net income of the Online Movie On-demand Service.

According to the joint investment arrangement between the Group and the other independent third party investor(s), the Group is entitled to receive 50% of the total consideration for the Disposal of the Move I, including the investment income sharing and the promotion and distribution services fee.

Completion

Completion of the Online Dissemination Rights Transfer Agreement I is not subject to any conditions precedent. Zhejiang Dongyang shall deliver all required documents and records of the Movie I before payment of the second instalment of total consideration for the Disposal of the Movie I, and (for documents) at any time or (for records) at least 45 days before the first release of the Movie I on Youku Technology's platform(s).

3.2 SUPPLEMENTAL AGREEMENT I

On March 11, 2019, Zhejiang Dongyang and Youku Technology also entered into the Supplemental Agreement I, whereby Zhejiang Dongyang (for and on behalf of the copyright owner(s) of the Movie I) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie I from Youku Technology at the expiry of 15 years from the date on which the Movie I is first released on platform(s) of and/or authorized by Youku Technology at a consideration of RMB1 which shall be payable by Zhejiang Dongyang to Youku Technology in cash at the time of exercising the option. Such nominal consideration for the Supplemental Agreement I was determined after arm's length negotiations between Zhejiang Dongyang and Youku Technology.

4. DISPOSAL OF THE MOVIE II

4.1 ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT II

Date

April 25, 2019

Parties

Vendor : Shanghai Alibaba Pictures, 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 Online Dissemination Rights Transfer Agreement II, Shanghai Alibaba Pictures (for and on behalf of the copyright owner(s) of the Movie II) agreed to sell, and Youku Technology agreed to acquire, the Online Dissemination Rights of the Movie II, which is jointly produced by the Group and other independent third party investor(s).

Consideration

The Copyright Transfer Fee for the Disposal of the Movie II was initially set at RMB9,000,000 and would increase as the Movie II's total box office revenue in the PRC grows, subject to a maximum of RMB50,000,000, which shall be payable by Youku Technology to Shanghai Alibaba Pictures in cash in the following manner:

- (i) the first instalment of RMB1,800,000 was paid on May 31, 2019;
- (ii) the second instalment of RMB4,500,000 shall be payable within 20 business days upon Youku Technology having confirmed the receipt and acceptance of all required documents and records of the Movie II;
- (iii) the third instalment of RMB2,700,000 shall be payable within 20 business days after the first release of the Movie II on Youku Technology's platform(s); and
- (iv) the last instalment (being the difference between (a) the final Copyright Transfer Fee for the Disposal of the Movie II to be determined according to the Movie II's final total box office revenue in the PRC and (b) the base Copyright Transfer Fee of RMB9,000,000 paid for such disposal plus, if any, a deductible amount (such as any damages payable by Shanghai Alibaba Pictures under the Online Dissemination Rights Transfer Agreement II)) shall be payable within 20 business days after Youku Technology confirms the receipt and acceptance of the box office results issued and certified by the cinemas or relevant film authority.

As at the date of this announcement, Youkou Technology has paid RMB1,800,000 to Shanghai Alibaba Pictures in relation to the Disposal of the Movie II. It is expected that the remaining amount of the Copyright Transfer Fee for such disposal payable by Youku Technology is approximately RMB21,400,000.

The Copyright Transfer Fee for the Disposal of the Movie II was determined after arm's length negotiations between Shanghai Alibaba Pictures and Youku Technology based on the parties' mutual assessment of (i) the quality, the cast and the popularity of the Movie II, (ii) the carrying value of the Online Dissemination Rights of the Movie II, and (iii) the expected total box office revenue of the Movie II.

According to the joint investment arrangement between the Group and the other independent third party investor(s), the Group is entitled to receive 10% of the total consideration for the Disposal of the Move II, including the investment income sharing and the promotion and distribution services fee.

Completion

Completion of the Online Dissemination Rights Transfer Agreement II is not subject to any conditions precedent. Shanghai Alibaba Pictures shall deliver all required documents and records of the Movie II before payment of the second instalment of total consideration for the Disposal of the Movie II, and (for documents) at any time or (for records) at least 45 days before the first release of the Movie II on Youku Technology's platform(s).

4.2 SUPPLEMENTAL AGREEMENT II

On April 25, 2019, Shanghai Alibaba Pictures and Youku Technology also entered into the Supplemental Agreement II, whereby Shanghai Alibaba Pictures (for and on behalf of the copyright owner(s) of the Movie II) was granted an unconditional option by Youku Technology to repurchase the Online Dissemination Rights of the Movie II from Youku Technology (i) at the expiry of 10 years from the date on which the Movie II is first released on platform(s) of and/or authorized by Youku Technology or (ii) before November 14, 2030, whichever is the earlier, at a consideration of RMB1 which shall be payable by Shanghai Alibaba Pictures to Youku Technology in cash at the time of exercising the option. Such nominal consideration for the Supplemental Agreement II was determined after arm's length negotiations between Shanghai Alibaba Pictures and Youku Technology.

5. INFORMATION ON THE COMPANY, SHANGHAI ALIBABA PICTURES, HUAMENG (TIANJIN) AND ZHEJIANG DONGYANG

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.

Shanghai Alibaba Pictures, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in investment in and production of films.

Huameng (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.

Zhejiang Dongyang, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in investment in, and production and distribution of, film and television programmes copyrights.

6. 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.

7. FINANCIAL EFFECTS OF THE DISPOSALS OF THE DRAMA SERIES F, THE MOVIE I AND THE MOVIE II AND INTENDED USE OF PROCEEDS

Based on the unaudited management accounts of the Group, as at the date of this announcement, the carrying values of the New Media Broadcasting Rights of the Drama Series F, the Online Dissemination Rights of the Movie I and the Online Dissemination Rights of the Movie II are approximately RMB74,150,000, RMB212,500 and RMB810,000, respectively.

It is expected that there will be a potential gain of approximately RMB10,750,000, RMB87,500 and RMB1,510,000 accrued to the Group from the Disposal of the Drama Series F, the Disposal of the Movie I and the Disposal of the Movie II respectively with reference to the carrying values of the New Media Broadcasting Rights of the Drama Series F, the Online Dissemination Rights of the Movie I and the Online Dissemination Rights of the Movie II (after taking into account the anticipated necessary expenses directly related to each of these disposals).

After deducting the necessary directly-related expenses, the net proceeds for the Disposal of the Drama Series F, the Disposal of the Movie I and the Disposal of the Movie II will be approximately RMB84,900,000, RMB300,000 and RMB2,320,000, respectively. The Group intends to utilize the net proceeds towards general working capital of the Group.

8. REASONS FOR AND BENEFITS OF THE DISPOSALS OF DRAMA SERIES AND MOVIES AND THE GRANT OF LICENSE OF MOVIE

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 New Media Broadcasting Rights and the Online Dissemination Rights due to the overall commercial benefits that it may offer to the Group in the transactions contemplated under such agreements. 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 License Agreement, the New Media Broadcasting Rights Transfer Agreement, the NMBR Supplemental Agreement, the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions (including the Marketing Cooperation) 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 License Agreement, the New Media Broadcasting Rights Transfer Agreement, the NMBR Supplemental Agreement, the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions (including the Marketing Cooperation) contemplated thereunder. Accordingly, each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang has abstained from voting on the resolutions passed by the Board in relation to the License Agreement, the New Media Broadcasting Rights Transfer Agreement, the NMBR Supplemental Agreement, the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions (including the Marketing Cooperation) contemplated thereunder. Save as the aforesaid Directors, none of the other Directors has a material interest in the License Agreement, the New Media Broadcasting Rights Transfer Agreement, the NMBR Supplemental Agreement, the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions (including the Marketing Cooperation) contemplated thereunder, and therefore none of them has abstained from voting on the said resolutions passed by the Board.

9. 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. Each of the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II and the Grant of License of the Movie III constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal of the Movie I and the Disposal of the Movie II, when aggregated, were less than 0.1%, the entering into of the Online Dissemination Rights Transfer Agreement I, the Supplemental Agreement I, the Online Dissemination Rights Transfer Agreement II, the Supplemental Agreement II and the transactions contemplated thereunder were exempt from disclosure requirement under Chapter 14A of the Listing Rules at the time of signing of such agreements.

Pursuant to Rule 14A.81 of the Listing Rules, the Disposal of the Drama Series F, the Disposal of the Movie I, the Disposal of the Movie II and the Grant of License of the Movie III are 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 and the Grant of License of the Movie III, 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 Disposal of the Drama Series E and the Disposal of the 2018 Movie were disclosed in the announcements of the Company dated July 11, 2018 and September 12, 2018, respectively.

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

<p>“associate”, “connected person”, “subsidiary(ies)” and “substantial shareholder”</p>	<p>each has the meaning ascribed to it under the Listing Rules</p>
<p>“Board”</p>	<p>the board of Directors</p>
<p>“Company”</p>	<p>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)</p>
<p>“Copyright Transfer Fee”</p>	<p>the copyright transfer fee payable by Youku Technology to Zhejiang Dongyang or Shanghai Alibaba Pictures (as the case may be) in relation to the transfer of the Online Dissemination Rights of the Movie I or the Movie II (as the case may be) under the Online Dissemination Rights Transfer Agreement I or the Online Dissemination Rights Transfer Agreement II (as the case may be)</p>
<p>“Directors”</p>	<p>the directors of the Company</p>
<p>“Disposal of the 2018 Movie”</p>	<p>the sale of online dissemination rights of the movie titled as “Legend of the Ancient Sword” (古劍奇譚之流月昭明) pursuant to the 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</p>
<p>“Disposal of the Drama Series E”</p>	<p>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 北京中聯華盟文化傳媒投資有限公司 (Beijing Asian Union Culture Media Investment Co., Ltd.*) and Youku Technology dated July 11, 2018, details of which were disclosed in the announcement of the Company dated July 11, 2018</p>
<p>“Disposal of the Drama Series F”</p>	<p>the sale of the New Media Broadcasting Rights of the Drama Series F pursuant to the New Media Broadcasting Rights Transfer Agreement</p>
<p>“Disposal of the Movie I”</p>	<p>the sale of the Online Dissemination Rights of the Movie I pursuant to the Online Dissemination Rights Transfer Agreement I</p>

“Disposal of the Movie II”	the sale of the Online Dissemination Rights of the Movie II pursuant to the Online Dissemination Rights Transfer Agreement II
“Drama Series F”	a drama series currently titled as “Hello Prosecutor” (你好檢察官) and jointly produced by the Group and other independent third party investors
“Grant of License of the Movie III”	the grant of the license for the Online Dissemination Rights of the Movie III pursuant to the License Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huameng (Tianjin)”	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.*)), a company established under the laws of the PRC with limited liability and a consolidated subsidiary of the Company
“License Agreement”	the license agreement dated May 31, 2019 entered into between Shanghai Alibaba Pictures and Youku Technology in relation to the grant of the license to use the Online Dissemination Rights of the Movie III
“License Fee”	the license fee payable by Youku Technology to Shanghai Alibaba Pictures in relation to the grant of license for the Online Dissemination Rights of the Movie III under the License Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marketing Cooperation”	has the meaning as defined under the section headed “2. DISPOSAL OF THE DRAMA SERIES F - 2.1 NEW MEDIA BROADCASTING RIGHTS TRANSFER AGREEMENT – Marketing Cooperation” of this announcement
“Movie I”	a movie titled as “Dead Pigs” (海上浮城) and jointly produced by the Group and other independent third party investor(s)
“Movie II”	a movie titled as “Green Book” (綠皮書) and jointly produced by the Group and other independent third party investor(s)

“Movie III”	a movie titled as “Peppa Celebrates Chinese New Year” (小猪佩奇过大年)
“New Media”	all forms of media (other than non-interactive traditional media), including but not limited to, the Internet with interactive broadcasting function and any new form of media in the future
“New Media Broadcasting Rights”	the broadcasting rights of the Drama Series F via the New Media around the world, including but not limited to the right to broadcast through the Internet and/or other public networks and the related Transfer Rights and Recourse Rights
“New Media Broadcasting Rights Transfer Agreement”	the transfer agreement dated May 31, 2019 entered into between Huameng (Tianjin) and Youku Technology in relation to the sale of the New Media Broadcasting Rights of the Drama Series F
“NMBR Supplemental Agreement”	the supplemental agreement to the New Media Broadcasting Rights Transfer Agreement dated May 31, 2019 entered into between Huameng (Tianjin) and Youku Technology in relation to an unconditional option to repurchase the New Media Broadcasting Rights of the Drama Series F
“Online Dissemination Rights”	the online dissemination rights of the Movie I, the Movie II and the Movie III in the PRC (excluding broadcasting devices in consulates and foreign planes and ships for the Movie II), including but not limited to the right to disseminate through the Internet, Internet cafes, mobile value-added services and/or other public networks and the related Transfer Rights and Recourse Rights
“Online Dissemination Rights Transfer Agreement I”	the transfer agreement dated March 11, 2019 entered into between Zhejiang Dongyang and Youku Technology in relation to the sale of the Online Dissemination Rights of the Movie I
“Online Dissemination Rights Transfer Agreement II”	the transfer agreement dated April 25, 2019 entered into between Shanghai Alibaba Pictures and Youku Technology in relation to the sale of the Online Dissemination Rights of the Movie II
“Online Movie On-demand Service”	has the meaning as defined under the section headed “3. DISPOSAL OF THE MOVIE I - 3.1 ONLINE DISSEMINATION RIGHTS TRANSFER AGREEMENT I – Consideration - b. Net Income from the Online Movie On-demand Service” of this announcement

“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 F, the Movie I, the Movie II or the Movie III (as the case may be) in the specified regions, 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 New Media Broadcasting Rights Transfer Agreement, the Online Dissemination Rights Transfer Agreement I, the Online Dissemination Rights Transfer Agreement II or the License Agreement (as the case may be)
“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
“Supplemental Agreement I”	the supplemental agreement to the Online Dissemination Rights Transfer Agreement I dated March 11, 2019 entered into between Zhejiang Dongyang and Youku Technology in relation to an unconditional option to repurchase the Online Dissemination Rights of the Movie I
“Supplemental Agreement II”	the supplemental agreement to the Online Dissemination Rights Transfer Agreement II dated April 25, 2019 entered into between Shanghai Alibaba Pictures and Youku Technology in relation to an unconditional option to repurchase the Online Dissemination Rights of the Movie II
“Transfer Rights”	the transfer rights of the Drama Series F, the Movie I, the Movie II or the Movie III (as the case may be) in the specified regions, i.e. the right to transfer any rights (including exclusive rights and non-exclusive rights) under the New Media Broadcasting Rights Transfer Agreement, the Online Dissemination Rights Transfer Agreement I, the Online Dissemination Rights Transfer Agreement II or the License Agreement (as the case may be) to a third party and the right to allow a third party to re-transfer such rights

“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, May 31, 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 director.