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

## CONNECTED TRANSACTION - ACQUISITION OF EQUITY INTEREST IN TIANJIN YINHEKUYU

### THE SHARE TRANSFER AGREEMENT

The Board announces that on March 18, 2020, Alibaba Pictures (Zhejiang), a consolidated subsidiary of the Company, entered into the Share Transfer Agreement with the Investor Shareholders, the Founding Shareholders, the Founders, Youku Information and Tianjin Yinhekuyu, pursuant to which:

- (i) Alibaba Pictures (Zhejiang) agreed to acquire, and the Investor Shareholders agreed to sell, an aggregate of approximately 28.81% of the equity interest in Tianjin Yinhekuyu for a total consideration of no more than RMB277 million; and
- (ii) Alibaba Pictures (Zhejiang) agreed to acquire, and the Founding Shareholders agreed to sell, an aggregate of approximately 31.18% of the equity interest in Tianjin Yinhekuyu for a total consideration of no more than RMB123 million.

As at the date of this announcement, Tianjin Yinhekuyu has a registered capital of RMB37,606,837 and is held by Bofang Rongzhi, Tianjin Lihe, Youku Information, Yunfeng, Chuangshi Xinhe, and Hongtai as to approximately 29.56%, 21.63%, 20%, 12.27%, 12.27% and 4.27%, respectively.

### LISTING RULES IMPLICATIONS

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.64% of the issued share capital of the Company. Since (i) Youku Information is a consolidated entity of AGH and thus an associate of Ali CV, (ii) Youku Information is a substantial shareholder of Tianjin Yinhekuyu, and (iii) all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28(2) of the Listing Rules, which is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**Completion is subject to the fulfilment and/or waiver of all the conditions set out under the section headed “THE SHARE TRANSFER AGREEMENT - Conditions and Completion” in this announcement. Accordingly, the Completion may or may not proceed. Security holders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board announces that on March 18, 2020, Alibaba Pictures (Zhejiang), a consolidated subsidiary of the Company, entered into the Share Transfer Agreement with the Investor Shareholders, the Founding Shareholders, the Founders, Youku Information and Tianjin Yinhekuyu in respect of the Acquisition.

## **THE SHARE TRANSFER AGREEMENT**

### **Date**

March 18, 2020

### **Parties**

1. Alibaba Pictures (Zhejiang);
2. the Investor Shareholders, comprising Chuangshi Xinhe, Hongtai and Yunfeng;
3. the Founding Shareholders, comprising Bofang Rongzhi and Tianjin Lihe;
4. the Founders, comprising Mr. Wei Yuan, Ms. Wu Xiaozhen and Mr. Li Wei;
5. Youku Information; and
6. Tianjin Yinhekuyu.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Investor Shareholders, the Founding Shareholders, the Founders, Tianjin Yinhekuyu and their respective beneficial owners (except Youku Information) are independent of the Company and its connected persons.

### **Subject Matters**

Pursuant to the Share Transfer Agreement, (i) Alibaba Pictures (Zhejiang) agreed to acquire, and the Investor Shareholders agreed to sell, an aggregate of approximately 28.81% of the equity interest in Tianjin Yinhekuyu; and (ii) Alibaba Pictures (Zhejiang) agreed to acquire, and the Founding Shareholders agreed to sell, an aggregate of approximately 31.18% of the equity interest in Tianjin Yinhekuyu.

Tianjin Yinhekuyu Group is principally engaged in the development, production, distribution and marketing of variety shows, drama series and social electronic commerce, and the provision of talent agency services in the PRC. As at the date of this announcement, Tianjin Yinhekuyu has a registered capital of RMB37,606,837 and is held by Bofang Rongzhi,

Tianjin Lihe, Youku Information, Yunfeng, Chuangshi Xinhe, and Hongtai as to approximately 29.56%, 21.63%, 20%, 12.27%, 12.27% and 4.27%, respectively.

## **Consideration**

The Consideration is no more than RMB400 million, which comprises:

- (i) an amount of RMB212 million for the acquisition of an aggregate of approximately 28.81% of the equity interest in Tianjin Yinhekuyu from the Investor Shareholders, subject to an upward adjustment by an amount of the Cash Earn-outs (as defined below), thereby making a total consideration of no more than RMB277 million; and
- (ii) an amount of RMB28 million for the acquisition of an aggregate of approximately 31.18% of the equity interest in Tianjin Yinhekuyu from the Founding Shareholders, subject to an upward adjustment by an amount of the Cash Earn-outs, thereby making a total consideration of no more than RMB123 million.

The Consideration may be subject to downward adjustment upon the occurrence of certain events of the Tianjin Yinhekuyu Group including the net asset value of Tianjin Yinhekuyu falls below RMB180 million upon the date of Completion, the entering into of related party transactions or distribution of assets or profits to the shareholders of Tianjin Yinhekuyu. The amount of such downward adjustment would be determined based on audited financial results on Completion in order to allow for situations including dissipation of assets of Tianjin Yinhekuyu (if any) due to the time gap between the signing date of the Share Transfer Agreement and Completion.

## **Cash Earn-outs**

Unless Tianjin Yinhekuyu undergoes any share repurchase, liquidation or dissolution as specified in Share Transfer Agreement, Alibaba Pictures (Zhejiang) shall pay the Investor Shareholders and the Founding Shareholders cash earn-outs (the “Cash Earn-outs”) based on the number of variety shows produced by Tianjin Yinhekuyu and being ranked up to certain rating as set out in the Share Transfer Agreement (the “Variety Show”) before December 31, 2024, subject to a maximum of five Variety Shows and the maximum total Cash Earn-outs of RMB160 million.

For each Variety Show, Alibaba Pictures (Zhejiang) shall pay a total of RMB32 million to the Investor Shareholders and the Founding Shareholders, comprising RMB6 million to Chuangshi Xinhe, RMB1.6 million to Hongtai, RMB5.4 million to Yunfeng, RMB10,972,787 to Bofang Rongzhi and RMB8,027,213 to Tianjin Lihe.

## **Payment Terms**

The Consideration shall be settled in cash by Alibaba Pictures (Zhejiang) in the following manner:

- (i) a sum of RMB30 million shall be paid to Chuangshi Xinhe for the acquisition of approximately 12.27% of the equity interest in Tianjin Yinhekuyu on the date of Completion (which is equivalent to RMB4,615,385 of the registered capital of Tianjin Yinhekuyu);

- (ii) a sum of RMB47 million shall be paid to Hongtai for the acquisition of approximately 4.27% of the equity interest in Tianjin Yinhekuyu on the date of Completion (which is equivalent to RMB1,606,836 of the registered capital of Tianjin Yinhekuyu);
- (iii) a sum of RMB135 million shall be paid to Yunfeng for the acquisition of approximately 12.27% of the equity interest in Tianjin Yinhekuyu on the date of Completion (which is equivalent to RMB4,615,385 of the registered capital of Tianjin Yinhekuyu);
- (iv) a sum of RMB16,170,423 shall be paid to Bofang Rongzhi for the acquisition of 18.01% of the equity interest in Tianjin Yinhekuyu on the date of Completion (which is equivalent to RMB6,772,229 of the registered capital of Tianjin Yinhekuyu);
- (v) a sum of RMB11,829,577 shall be paid to Tianjin Lihe for the acquisition of 13.17% of the equity interest in Tianjin Yinhekuyu on the date of Completion (which is equivalent to RMB4,954,268 of the registered capital of Tianjin Yinhekuyu);
- (vi) a portion of the Cash Earn-outs in a sum of RMB6 million for each Variety Show shall be paid to Chuangshi Xinhe within 60 Business Days after the completion of each Variety Show, subject to a maximum of RMB30 million;
- (vii) a portion of the Cash Earn-outs in a sum of RMB1.6 million for each Variety Show shall be paid to Hongtai within 60 Business Days after the completion of each Variety Show, subject to a maximum of RMB8 million;
- (viii) a portion of the Cash Earn-outs in a sum of RMB5.4 million for each Variety Show shall be paid to Yunfeng within 60 Business Days after the completion of each Variety Show, subject to a maximum of RMB27 million;
- (ix) a portion of the Cash Earn-outs in a sum of RMB10,972,787 for each Variety Show shall be paid to Bofang Rongzhi within 60 Business Days after the completion of each Variety Show, subject to a maximum of RMB54,863,935; and
- (x) a portion of the Cash Earn-outs in a sum of RMB8,027,213 for each Variety Show shall be paid to Tianjin Lihe within 60 Business Days after the completion of each Variety Show, subject to a maximum of RMB40,136,065.

### **Conditions and Completion**

Completion is conditional upon, among other things, the satisfaction of or, as applicable, waiver provided by Alibaba Pictures (Zhejiang) of the following conditions:

- (i) the statements, warranties and undertakings as provided for in the Share Transfer Agreement remain true, accurate and complete on the date of Completion;
- (ii) none of the government department has formulated, promulgated, implemented or adopted any laws or orders that will render the Share Transfer Agreement and the transactions contemplated thereunder illegal or would otherwise restrict or prohibit transactions set out in the Share Transfer Agreement;
- (iii) there is no existing or potential claims against the parties to the agreement or any of its members;

- (iv) Tianjin Yinhekuyu has obtained all the necessary approval and consent in relation to the signing of the Share Transfer Agreement and the transactions contemplated thereunder;
- (v) the Share Transfer Agreement and the underlying transaction documents pursuant to the Share Transfer Agreement have been properly signed;
- (vi) completion of due diligence in relation to Tianjin Yinhekuyu;
- (vii) completion of all necessary relevant registration procedures with the government authorities pursuant to the Share Transfer Agreement;
- (viii) signing and delivering of completion certificate, letter of integrity commitment and spouse commitment letter;
- (ix) the key employees each having signed a commitment letter;
- (x) no material adverse effect upon Completion;
- (xi) adoption and implementation of an anti-corruption code, to the satisfaction of Alibaba Pictures (Zhejiang);
- (xii) the net asset value of Tianjin Yinhekuyu on the date of Completion should not be lower than RMB180 million;
- (xiii) business plan of the Tianjin Yinhekuyu Group being approved by Alibaba Pictures (Zhejiang);
- (xiv) inspection and handover of all relevant documents and instrument including, among others, corporate seal and business licences;
- (xv) termination of the first investment agreements entered into among the Investor Shareholders, the Founders and the Founding Shareholders;
- (xvi) change of bank authorized signatures;
- (xvii) resignation of Mr. Li Wei, one of the founders, from all the positions outside the Tianjin Yinhekuyu Group; and
- (xviii) payment of the Consideration.

The Completion shall take place within 10 (ten) Business Days after the date on which all of the conditions are satisfied or waived in accordance to the Share Transfer Agreement, or on such other date as the parties to the Share Transfer Agreement may agree in writing.

Following the Completion, Tianjin Yinhekuyu will become a subsidiary of the Company.

## **Business reorganization**

The parties to the Share Transfer Agreement agreed that members of the Tianjin Yinhekuyu Group shall arrange for business reorganization after the Completion and details of which are set out in the Shareholders' Agreement.

Pursuant to the Shareholders' Agreement, within three months after the Completion, members of the the Tianjin Yinhekuyu Group shall submit proposal(s) to the board of directors of Tianjin Yinhekuyu for business reorganization by way of divestment and consolidation of all or part of their businesses in talent agency services, production of movies, drama series and social electronic commerce (the "Divested Businesses"). It is agreed that Mr. Wei Yuan, one of the Founders, or his designated person(s), will enter into joint venture agreement(s) with the relevant member(s) of the Tianjin Yinhekuyu Group to set up joint venture company(ies) for engaging in the Divested Businesses. Each joint vetnure company shall be held by Mr. Wei Yuan or his designated person as to 80% (by capital contribution in cash) and the Tianjin Yinhekuyu Group as to 20% (by injection of the Divested Businesses as capital contribution). The above proposal(s) and formation of joint venture company(ies) shall be subject to the approval of Tianjin Yinhekuyu's board of directors.

## **BASIS FOR THE CONSIDERATION**

The Consideration was determined after arm's length neogiations among the parties to the Share Transfer Agreement with reference to (i) the net asset value of Tianjin Yinhekuyu as at December 31, 2019, (ii) the initial investment sum provided by the Founding Shareholders and the Investor Shareholders, (iii) the valuation of the entire equity interest in Tianjin Yinhekuyu as at December 31, 2019 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Independent Valuer, based on the market approach as detailed in the section headed "Valuation Report" below, and (iv) the discounted value of the total Consideration as a result of the deferred payment arrangement as the Cash Earn-outs, being part of the Consideration, will be paid in four years, subject to the satisfaction of the payment conditions.

## **Valuation Report**

The Valuation Report was prepared by the Independent Valuer with assumptions including but not limited to the following:

- there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of Tianjin Yinhekuyu;
- the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured;
- the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;
- copies of the operating licenses and company incorporation documents are reliable and legitimate;
- the financial and operational information provided to the Independent Valuer by Tianjin Yinhekuyu is accurate;
- the financial and business risk of the business including continuity of income and the projected future results;
- the capital structure of Tianjin Yinhekuyu will not change; and

- there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, the Independent Valuer assumes no responsibility for changes in market conditions after the Valuation Date.

The Valuation Report stated that, among other matters, (i) the value of the entire equity interest in Tianjin Yinhekuyu, 60% of which was RMB391,000,000, as at December 31, 2019 (the “Valuation Date”); (ii) the valuation was made based on market approach as it introduces objectivity and reflects the condition and utility of the appraised assets relative to the market comparative; and (iii) the Independent Valuer selected eleven comparable companies (which are all principally engaged in entertainment content development) and considered the median of the enterprise value to sales (EV/Sales) ratio of these companies and determine the valuation based on the median EV/Sales of these companies and the financial information of Tianjin Yinhekuyu for the year ended December 31, 2019 after adjustments for (A) lack of marketability, using the put option method by comparing a public share and a private share, holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. The value of put option is determined by “Black Scholes Option Pricing Model”; and (B) the control premium of Tianjin Yinhekuyu by using market data to assess the appropriate control premium.

The selection criteria of those comparable companies include companies which (w) derive a considerable amount, if not all, of their revenues from the same or closely related industry of Tianjin Yinhekuyu; (x) are searchable in Bloomberg and are publicly listed;(y) the comparable companies are located in Asia Pacific; and (z) the EV/Sales ratio as at the Valuation Date on the companies are available. Based on the above-mentioned selection criteria, eleven comparable companies were identified in China and South Korea. These companies are principally engaged in entertainment content development. Since the information of the comparable companies is publicly available and based on the selection criteria, they are comparable to Tianjin Yinhekuyu. Accordingly, the Directors are of the view that they are fair and representative samples.

The Company intends to finance the Acquisition from its internal resources and the banking facilities available to the Group.

## **THE SHAREHOLDERS’ AGREEMENT**

On March 18, 2020, Alibaba Pictures (Zhejiang) has entered into the Shareholders’ Agreement with the Founding Shareholders, the Founders, Youku Information and Tianjin Yinhekuyu to regulate the rights and obligations of the shareholders in Tianjin Yinhekuyu.

### **Board composition**

The board of directors of Tianjin Yinhekuyu shall comprise five directors, three of whom shall be nominated by Alibaba Pictures (Zhejiang), one of whom shall be nominated by Youku Information, and one of whom shall be nominated by Tianjin Lihe.

### **Profit sharing**

The profits in respect of Tianjin Yinhekuyu shall be shared by the shareholders of Tianjin Yinhekuyu in proportion to their respective equity interests in Tianjin Yinhekuyu.

## Restrictions on transfers of equity interest

Without the prior written consent of Alibaba Picture (Zhejiang) and Youku Information, the Founding Shareholders and the Founders shall not transfer or assign all or any part of their equity interests in Tianjin Yinhekuyu to any third party. However, Alibaba Picture (Zhejiang) and Youku Information may transfer or assign all or any part of their equity interests in Tianjin Yinhekuyu to any third party without obtaining consent from any of the Founding Shareholders and the Founders.

## SHAREHOLDING STRUCTURE OF TIANJIN YINHEKUYU

Set out below is the shareholding structure of Tianjin Yinhekuyu as at the date of the announcement and after the Completion of the Acquisition:

	<b>Approximate percentage of equity interest as at the date of this announcement</b>	<b>Approximate percentage of equity interest upon Completion of the Acquisition</b>
Alibaba Pictures (Zhejiang)	-	60%
Youku Information	20%	20%
<b>Founding Shareholders</b>		
Bofang Rongzhi	29.56%	11.55%
Tianjin Lihe	21.63%	8.45%
<b>Investor Shareholders</b>		
Yunfeng	12.27%	-
Chuangshi Xinhe	12.27%	-
Hongtai	4.27%	-
	<hr/> <b>100%</b> <hr/>	<hr/> <b>100%</b> <hr/>

## FINANCIAL INFORMATION OF TIANJIN YINHEKUYU GROUP

Set out below is a summary of certain unaudited consolidated financial information of the Tianjin Yinhekuyu Group for the years ended 31 December 2018 and 2019:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB million</i>	<i>RMB million</i>
Net loss (before taxation and extraordinary items)	(30.8)	(71.7)
Net loss (after taxation and extraordinary items)	(31.6)	(72.4)

As at February 29, 2020, the unaudited consolidated net asset value of the Tianjin Yinhekuyu Group was approximately RMB193.4 million.



## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Tianjin Yinhekuyu has substantial experience in the production of variety shows. The Group believes that, by integrating the production business of Tianjin Yinhekuyu in variety shows into the Group, it enables the Company to build up its own production team for variety shows and have an all-round capacity in the production of movies, drama series and variety shows, making it better in providing high quality contents to the market. Meanwhile, the flexibility in the forms of variety shows enables more collaboration between various business lines, including the current Tao Piao Piao (film promotion and distribution platform), drama production and Alifish (derivative development), and provides an opportunity in the development and production of variety shows so as to bring synergy effect between them.

Having reviewed the terms of the Share Transfer Agreement, the Directors (including the independent non-executive Directors) consider that although the entering into of the Share Transfer Agreement is not in the ordinary and usual course of business of the Group, the terms of the Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, and the Acquisition is made on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder and a connected person of the Company holding approximately 50.64% of the issued share capital of the Company. Since (i) Youku Information is a consolidated entity of AGH, (ii) Youku Information is a substantial shareholder of Tianjin Yinhekuyu, and (iii) all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28(2) of the Listing Rules which is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As each of Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong is an employee of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Share Transfer Agreement and the transactions contemplated thereunder. As such, Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong have abstained from voting on the resolution(s) passed by the Board in relation to Share Transfer Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the other Directors has a material interest in the Share Transfer Agreement and the transactions contemplated thereunder which requires any of them to abstain from voting on the Board resolution(s) in relation thereto.

## **INFORMATION ON AGH, THE COMPANY, ALIBABA PICTURES (ZHEJIANG) AND YOUKU INFORMATION**

The Company is listed on both the Main Board of 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 films 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.

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a controlling shareholder holding approximately 50.64% of the issued share capital of the Company.

AGH is a company incorporated in the Cayman Islands, with its American depository 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 future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a company that will last for 102 years. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives.

Alibaba Pictures (Zhejiang), being a company established under the laws of the PRC and a consolidated subsidiary of the Company as at the date of this announcement, is principally engaged in investment in and production and distribution of film and television copyrights and investment management.

Youku Information, a company incorporated in the PRC and a consolidated entity of AGH, is principally engaged in online video services, online advertising businesses and value-added telecommunication services in China on Youku platform.

## **INFORMATION ON THE OTHER PARTIES TO THE SHARE TRANSFER AGREEMENT**

Yunfeng is a private equity fund which is principally engaged in industrial investment, investment management and investment consulting. After having made all reasonable enquiries, Yunfeng is held by a general partner, 上海眾付資產管理中心（有限合夥）(Shanghai Zhongfu Asset Management Center (Limited Partnership) )\* (“Shanghai Zhongfu”) and more than 30 limited partners as at the date of this announcement. Shanghai Zhongfu is principally engaged in asset management, industrial investment, investment management, investment consulting and corporate management consulting and is ultimately held by Ms. Wang Yulian as to more than 90% as at the date of this announcement.

Chuangshi Xinhe is principally engaged in investment management, asset management and investment consulting. It is wholly-owned by Talkweb Information System Co., Ltd.\* (拓維信息系統股份有限公司) (“Talkweb”) as at the date of this announcement. Talkweb is principally engaged in education services, cloud services and mobile phone games business and the shares of which are listed on the Shenzhen Stock Exchange with stock code 002261. According to the third quarterly report of Talkweb, its largest shareholder was Mr. Li Xinyu, who held approximately 16.85% of the shares in Talkweb. For details regarding the shareholding structure of Talkweb, please refer to the disclosure made by the company on the Shenzhen Stock Exchange.

Hongtai is a private equity fund which is principally engaged in, among others, project investment, investment management, asset management, investment consulting and corporate management consulting. After having made all reasonable enquiries, the general partners of Hongtai are Ningbo Meishan Bonded Port Area Jinhui Investment Management LP\* (寧波梅山保稅港區錦鵠投資管理合夥企業(有限合夥)) (“Jinhui”) and Shenzhen Hongtai Growth Equity Investment Management Co., Ltd.\* (深圳洪泰成長股權投資管理有限公司) (“Shenzhen Hongtai”). Ms. Shen Yanjie directly or indirectly controls Jinhui and Mr. Sheng Xitai directly or indirectly controls Shenzhen Hongtai. There are more than 20 limited partners in Hongtai and each of them holds less than 20% of the entire equity interest in Hongtai as at the date of this announcement.

Bofang Rongzhi is principally engaged in, among others, project investment, investment management, investment consulting and corporate management consulting. It is wholly-owned by Ms. Wu Xiaozhen as at the date of this announcement.

Tianjin Lihe is an equity incentive entity of Tianjin Yinhekuyu, it is principally engaged in, among others, programme investment, as well as planning and technology consulting services for films and television dramas. It is held by Mr. Li Wei, Mr. Wei Yuan, Mr. Hu Ming, Mr. Xu Zhe, Ms. Wu Bin and 天津游目科技有限責任公司 (Tianjin Youmu Technology Co. Ltd.\*, a general partner) (“Tianjin Youmu”) as to 46.37%, 30.11%, 14.47%, 5.42%, 3.62% and 0.01%, respectively as at the date of this announcement. Tianjin Youmu is wholly-owned by Mr. Li Wei as at the date of this announcement and is principally engaged in computer technology development, technology consulting, technology services, technology transfer, as well as sales of computer software, hardware and auxiliary equipment.

**Completion is subject to the fulfilment and/or waiver of all the conditions set out under the section headed “THE SHARE TRANSFER AGREEMENT - Conditions and Completion” in this announcement. Accordingly, the Completion may or may not proceed. Security holders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms shall have the following meanings:

“ <b>Acquisition</b> ”	the acquisition of an aggregate of 60% of the equity interest in Tianjin Yinhekuyu by Alibaba Pictures (Zhejiang) from the Investor Shareholders and the Founding Shareholders pursuant to the Share Transfer Agreement
“ <b>AGH</b> ”	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

<b>“Ali CV”</b>	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
<b>“Alibaba Pictures (Zhejiang)”</b>	浙江東陽阿里巴巴影業有限公司 (Zhejiang Dongyang Alibaba Pictures Co., Ltd.*), a company established under the laws of the PRC with limited liability and a consolidated subsidiary of the Company
<b>“associate(s)”, “connected person(s)”, “controlling shareholder”, “subsidiary(ies)” and “substantial shareholder”</b>	each has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Bofang Rongzhi”</b>	北京博方融智投資有限公司 (Beijing Bofang Rongzhi Investment Co., Ltd.*), a company established under the laws of the PRC with limited liability and being wholly-owned by Ms. Wu Xiaozhen as at the date of this announcement
<b>“Business Day”</b>	any day, other than a Saturday or Sunday or a day on which banks are closed for business in the PRC in accordance with laws or authorizations
<b>“Cash Earn-outs”</b>	has the meaning ascribed to it under the section headed “THE SHARE TRANSFER AGREEMENT - Cash Earn-outs” in this announcement
<b>“Chuangshi Xinhe”</b>	北京創時信和創業投資有限公司 (Beijing Chuangshi Xinhe Investment Co., Ltd.*), a company established under the laws of the PRC with limited liability
<b>“Company”</b>	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)
<b>“Completion”</b>	completion of the Acquisition under the Share Transfer Agreement
<b>“Consideration”</b>	the total consideration for the Acquisition, being no more than RMB400 million
<b>“Directors”</b>	the directors of the Company

<b>“Divested Businesses”</b>	has the meaning ascribed to it under the section headed “THE SHARE TRANSFER AGREEMENT – Business Reorganization” in this announcement
<b>“Founders”</b>	three individuals, namely Mr. Wei Yuan, Ms. Wu Xiaozhen and Mr. Li Wei, being the founders of Tianjin Yinhekuyu and each indirectly holding certain equity interests in Tianjin Yinhekuyu as at the date of this announcement
<b>“Founding Shareholders”</b>	Bofang Rongzhi, and Tianjin Lihe, being the founding shareholders of Tianjin Yinhekuyu holding as to approximately 29.56% and 21.63% of the equity interest in Tianjin Yinhekuyu respectively as at the date of this announcement
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hongtai”</b>	深圳洪泰成長創業投資中心(有限合夥) (Shenzhen Hongtai Growth Venture Capital Centre (L.P.)*), a limited partnership enterprise established under the laws of the PRC
<b>“Independent Valuer”</b>	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer
<b>“Investor Shareholders”</b>	Yunfeng, Chuangshi Xinhe and Hongtai, being the investor shareholders of Tianjin Yinhekuyu holding as to approximately 12.27%, 12.27% and 4.27% of the equity interest in Tianjin Yinhekuyu respectively as at the date of this announcement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.25 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Shares

<b>“Shareholders’ Agreement”</b>	the shareholders’ agreement dated March 18, 2020 entered into among Alibaba Pictures (Zhejiang), the Founding Shareholders, the Founders, Youku Information and Tianjin Yinhekuyu for regulating the rights and obligations of the shareholders in Tianjin Yinhekuyu
<b>“Share Transfer Agreement”</b>	the share transfer agreement dated March 18, 2020 entered into among Alibaba Pictures (Zhejiang) as purchaser, the Investor Shareholders and the Founding Shareholders as sellers, the Founders, Youku Information and Tianjin Yinhekuyu in relation to the Acquisition
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Tianjin Lihe”</b>	天津利合文化傳播合夥企業(有限合夥) (Tianjin Lihe Cultural Communication Partnership (Limited Partnership)*), a limited partnership enterprise established under the laws of the PRC and being held by Mr. Li Wei and Mr. Wei Yuan as to 46.37% and 30.11% as at the date of this announcement
<b>“Tianjin Yinhekuyu”</b>	天津銀河酷娛文化傳媒有限公司 (Tianjin Yinhekuyu Culture Media Co. Ltd.*), a company established under the laws of the PRC with limited liability
<b>“Tianjin Yinhekuyu Group”</b>	Tianjin Yinhekuyu, its subsidiaries and branch offices as specified in the Share Transfer Agreement
<b>“Tianjin Youmu”</b>	has the meaning ascribed to it under the section headed “INFORMATION ON THE OTHER PARTIES TO THE SHARE TRANSFER AGREEMENT” in this announcement
<b>“Valuation Report”</b>	the valuation report provided by the Independent Valuer
<b>“Variety Show(s)”</b>	has the meaning ascribed to it under the section headed “THE SHARE TRANSFER AGREEMENT – Cash Earn-outs” in this announcement
<b>“Youku”</b>	an online video and streaming service platform operated by Youku Information’s affiliate
<b>“Youku Information”</b>	優酷信息技術（北京）有限公司 (Youku Information Technology (Beijing) Co., Ltd*), a company established under the laws of the PRC with limited liability and a consolidated entity of AGH

**“Yunfeng”**

上海雲鋒新呈投資中心(有限合夥) (Shanghai Yunfeng Xincheng Investment Center (Limited Partnership)\*), a limited partnership established under the laws of the PRC

**“%”**

per cent.

*\* For identification purpose only*

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

Hong Kong, March 18, 2020

*As at the date of this announcement, the Board comprises Mr. Fan Luyuan and Mr. Meng Jun, being the executive Directors; Mr. Chang Yang and Mr. Xu Hong, being the non-executive Directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.*