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(Incorporated in Bermuda with limited liability)

(Stock code: 1060)

ANNOUNCEMENT

LIMITED PARTNERSHIP AGREEMENT FOR THE ESTABLISHMENT OF INVESTMENT FUND

This announcement is made by Alibaba Pictures Group Limited (the “Company”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) under Part XIV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

ESTABLISHMENT OF INVESTMENT FUND

The board of directors (the “Board”) of the Company is pleased to announce that on July 25, 2016, (i) Hangzhou Kangmai Investment Management Limited* (杭州康邁投資管理有限公司) (“Alibaba Pictures”, an indirect subsidiary of a variable interest entity of the Company established in the People’s Republic of China (“PRC”)); (ii) Hainan Alibaba Pictures Investment Management Limited* (海南阿里巴巴影业投资管理有限公司); and (iii) Wuhu Gopher Asset Management Co., Ltd.* (蕪湖歌斐資產管理有限公司) (“Gopher”, a company incorporated in PRC) entered into a limited partnership agreement (the “Limited Partnership Agreement”) with and in respect of, among other matters, the establishment of Hainan Alibaba Pictures Entertainment Industry Investment Fund (LLP)* (海南阿里巴巴影业文化產業基金合伙企业(有限合伙)) (the “Investment Fund”).

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are as follows:

Date:	July 25, 2016
Name of the Investment Fund:	Hainan Alibaba Pictures Entertainment Industry Investment Fund (LLP)
Parties:	General Partner:

Hainan Alibaba Pictures Investment Management Limited (the “General Partner”, a company incorporated in PRC);

Limited Partners:

(i) Alibaba Pictures; and

(ii) Contractual-type fund(s) to be started by Gopher (“Class A Investor(s)”, collectively with Alibaba Pictures, the “Limited Partners”).

The General Partner is jointly established and owned by Alibaba Pictures, Gopher and Hangzhou Hupan Shannan Capital Management Co., Ltd.* (杭州湖畔山南資本管理有限公司) (“Lakeside”, a company incorporated in PRC. The General Partner is not a subsidiary of the Company.

To the best of the knowledge, information and belief of directors of the Company (the “Directors”) and having made all reasonable enquires, each of Gopher and Lakeside and their ultimate beneficial owners are not connected persons of the Company.

Purpose of the Investment Fund:

The Investment Fund will invest in companies along the value chain of the movie and TV entertainment industry.

Term of operation of the Investment Fund:

5 years from the payment date of the first capital call notice (subject to the early termination) pursuant to the Limited Partnership Agreement.

The General Partner may extend such term of operation for up to a maximum of 2 years.

Target Total capital commitments to the Investment Fund:

Estimated to be RMB2 billion

The capital commitments to the Investment Fund were determined after arms’ length negotiations between the General Partner and the Limited Partners with reference to the capital requirement of the Investment Fund.

Alibaba Pictures’ capital commitment to the Investment Fund:

The lower of (i) one third of the total capital commitment by the Class A Investor(s) (which is estimated to be between RMB1 billion and RMB1.5 billion) and (ii) RMB500 million

The Company intends to fund its capital contribution from its internal resources and/or bank loans.

Management of the Investment Fund: The General Partner is responsible for the management, control and decision making of the Fund.

Gopher Asset Management Co., Ltd.* (歌斐資產管理有限公司) (the “Manager”) will be appointed by the General Partner as the manager of the Investment Fund and will be responsible for the operation of the Investment Fund and provide certain management services to the Investment Fund. Notwithstanding the above, the Manager will not have any power to make any investment decision on behalf of the General Partner or the Investment Fund.

Distribution of proceeds: Subject to the terms and conditions of the Limited Partnership Agreement, the proceeds from the Investment Fund will be first distributed to the Class A Investor(s) until they have received a pre-determined preferred rate of return (“Class A Rate of Return”) on its capital contribution before then distributing proceeds to Alibaba Pictures until it has received a rate of return equivalent to Class A Rate of Return on its capital contribution. Thereafter, the balance of any proceeds will be distributed to the General Partner and the Limited Partners (with the allocation between the General Partner on the one hand and the Limited Partners on the other hand depending upon the achieved annualised internal return rate on the capital contributions of the Limited Partners). The portion of such balance to be distributed to the Limited Partners will be distributed to them in proportion to their respective capital contribution to the Investment Fund.

The Limited Partnership Agreement will not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

By Order of the Board
Alibaba Pictures Group Limited
Shao Xiaofeng
Chairman

Hong Kong, July 25, 2016

As at the date of this announcement, the Board comprises Mr. Shao Xiaofeng, Mr. Zhang Qiang, Mr. Deng Kangming, Ms. Zhang Wei and Mr. Fan Luyuan, being the executive Directors; Mr. Li Lian Jie, being the non-executive Director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.

** For the purpose of identification only*