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

CONNECTED TRANSACTIONS - FORMATION OF JOINT VENTURES

VARIETY SHOW JV AGREEMENT

The Board announces that Zhejiang Dongyang, a consolidated subsidiary of the Company, entered into the Variety Show JV Agreement with 1 Verge Information, a consolidated entity of AGH, on August 9, 2017. Pursuant to the Variety Show JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to invest RMB19,890,000 and RMB19,110,000, respectively to form the Variety Show JV for the purpose of variety show production and distribution and to regulate their respective rights and obligations in the Variety Show JV. Zhejiang Dongyang and 1 Verge Information will hold 51% and 49% equity interest in the Variety Show JV, respectively.

TALENT AGENCY JV AGREEMENT

The Board further announces that Zhejiang Dongyang entered into the Talent Agency JV Agreement with 1 Verge Information on June 14, 2017. Pursuant to the Talent Agency JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to invest RMB15,000,000 and RMB35,000,000, respectively to form the Talent Agency JV. The principal business activity of the Talent Agency JV is talent agency. Zhejiang Dongyang and 1 Verge Information will hold 30% and 70% equity interest in the Talent Agency JV, respectively.

LISTING RULES IMPLICATIONS

1 Verge Information is a consolidated entity of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 49.49% of the issued share capital of the Company as at the date of this announcement. Accordingly, 1 Verge Information is an associate of Ali CV and hence a connected person of the Company.

The entering into of the Variety Show JV Agreement and the Talent Agency JV Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the entering into of the Talent Agency JV Agreement between Zhejiang Dongyang and 1 Verge Information on June 14, 2017, since all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules relating to the formation of the Talent Agency JV are below 0.1%, the transaction is, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from shareholders' approval, annual review and all disclosure requirements.

On August 9, 2017, Zhejiang Dongyang and 1 Verge Information entered into the Variety Show JV Agreement. Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules relating to the formation of the Variety Show JV are above 0.1% but below 5%, the entering into of the Variety Show JV Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Variety Show JV Agreement and the Talent Agency JV Agreement shall be aggregated and treated as if they were one transaction as they are of similar nature and were entered into within a 12-month period with the same counterparty. All the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the formation of the Variety Show JV and the Talent Agency JV, when aggregated, are below 5%.

INTRODUCTION

The Board announces that Zhejiang Dongyang, a consolidated subsidiary of the Company, entered into the Variety Show JV Agreement with 1 Verge Information, a consolidated entity of AGH, on August 9, 2017. Pursuant to the Variety Show JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to invest RMB19,890,000 and RMB19,110,000, respectively to form the Variety Show JV for the purpose of variety show production and distribution and to regulate their respective rights and obligations in the Variety Show JV. Zhejiang Dongyang and 1 Verge Information will hold 51% and 49% equity interest in the Variety Show JV, respectively.

The Board further announces that Zhejiang Dongyang entered into the Talent Agency JV Agreement with 1 Verge Information on June 14, 2017. Pursuant to the Talent Agency JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to invest RMB15,000,000 and RMB35,000,000, respectively to form the Talent Agency JV. The principal business activity of the Talent Agency JV is talent agency. Zhejiang Dongyang and 1 Verge Information will hold 30% and 70% equity interest in the Talent Agency JV, respectively.

VARIETY SHOW JV AGREEMENT

The principal terms of the Variety Show JV Agreement are set out below:

Date: August 9, 2017

Parties: (1) Zhejiang Dongyang, a consolidated subsidiary of the Company
(2) 1 Verge Information, a consolidated entity of AGH and a connected person of the Company

Subject Matter

Pursuant to the Variety Show JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to form the Variety Show JV for the purpose of variety show production and distribution and to regulate their respective rights and obligations in the Variety Show JV.

Capital Contribution

The table below sets forth the relevant details of capital commitment of the parties:

| Party | Investment Amount (RMB) | Payment Method | Payment Date | % of the total registered capital of the Variety Show JV |
|--|-------------------------|----------------|--------------------------------|--|
| Zhejiang Dongyang | 19,890,000 | Cash | on or before December 31, 2017 | 51% |
| 1 Verge Information | 19,110,000 | Cash | on or before December 31, 2017 | 49% |
| Total registered capital of the Variety Show JV | 39,000,000 | | | 100% |

Upon establishment, the Variety Show JV will be a subsidiary of the Company with its financial results being consolidated into the Company's financial statements.

The respective contribution to the registered capital is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the variety shows production and distribution and the parties' interest in the Variety Show JV. The capital to be contributed by Zhejiang Dongyang to the Variety Show JV will be satisfied by using the Group's available internal resources.

Operating Term

The operating term of the Variety Show JV will be perpetual from the date of the issuance of its business license, subject to the approval of the local Administration for Industry and Commerce.

Board Composition, Supervisor and Managers

The board of directors of the Variety Show JV shall comprise three directors, two of whom (including the chairman) shall be nominated by Zhejiang Dongyang and one of whom shall be nominated by 1 Verge Information. The Variety Show JV shall have one supervisor, one general manager and one financial controller. 1 Verge Information has the right of nomination of such supervisor, general manager and financial controller. The appointment of such supervisor shall be subject to the approval of the shareholders of the Variety Show JV while the appointments of such general manager and financial controller shall be subject to the approval of the board of directors of the Variety Show JV.

Profit Sharing Arrangement

Any distributable profit after tax and expenses of the Variety Show JV shall be shared by Zhejiang Dongyang and 1 Verge Information in proportion to the capital contributed by each of them unless otherwise agreed by the parties.

Subsequent Increase in Registered Capital

Each of Zhejiang Dongyang and 1 Verge Information shall have the pre-emptive right to participate in the subsequent increase in registered capital of the Variety Show JV in proportion to the initial capital contributed by each of them under the same conditions and at the same price, unless otherwise stipulated in the Variety Show JV Agreement.

There is no further or future capital commitment requirement stipulated under the Variety Show JV Agreement.

Restriction on Transfers

Without written consent from the other party, neither Zhejiang Dongyang nor 1 Verge Information may transfer, mortgage, pledge, encumber or otherwise dispose of all or any part of its equity interest in the Variety Show JV to a third party.

The foregoing restriction shall not constrain the transfer or assignment of equity interest held by Zhejiang Dongyang or 1 Verge Information to its related parties.

In the event that either Zhejiang Dongyang or 1 Verge Information intends to sell the whole or part of its equity interest in the Variety Show JV, the other party shall have a pre-emptive right to acquire such equity interest in the Variety Show JV at the price and conditions set by the transferring party.

TALENT AGENCY JV AGREEMENT

The principal terms of the Talent Agency JV Agreement are set out below:

Date: June 14, 2017

Parties: (1) Zhejiang Dongyang, a consolidated subsidiary of the Company
(2) 1 Verge Information, a consolidated entity of AGH and a connected person of the Company

Subject Matter

Pursuant to the Talent Agency JV Agreement, Zhejiang Dongyang and 1 Verge Information agreed to form the Talent Agency JV. The principal business activity of the Talent Agency JV is talent agency.

Capital Contribution

The table below sets forth the relevant details of capital commitment of the parties:

| Party | Investment Amount (RMB) | Payment Method | % of the total registered capital of the Talent Agency JV |
|---|--------------------------------|-----------------------|--|
| Zhejiang Dongyang | 15,000,000 | Cash | 30% |
| 1 Verge Information | 35,000,000 | Cash | 70% |
| Total registered capital of the Talent Agency JV | 50,000,000 | | 100% |

The registered capital shall be paid in two installments as follows:

| Party | First installment to be paid within 15 Business Days from the date of issuance of the business license | Second installment to be paid on or before December 31, 2018 | % of the paid-up capital of the Talent Agency JV |
|--|---|---|---|
| Zhejiang Dongyang | 6,000,000 | 9,000,000 | 30% |
| 1 Verge Information | 14,000,000 | 21,000,000 | 70% |
| Paid-up capital of the Talent Agency JV | 20,000,000 | 30,000,000 | 100% |

Upon establishment, the Talent Agency JV will be accounted for as an associate in the Company's financial statements.

The respective contribution to the registered capital is determined after arm's length negotiations between the parties with reference to the proposed capital requirements for a company to carry on the business of talent agency and the parties' interest in the Talent Agency JV.

The capital to be contributed by Zhejiang Dongyang to the Talent Agency JV will be satisfied by using the Group's available internal resources.

Operating Term

The operating term of the Talent Agency JV will be perpetual from the date of the issuance of its business license, subject to the approval of the local Administration for Industry and Commerce.

Board Composition, Supervisor and Managers

The board of directors of the Talent Agency JV shall comprise three directors, two of whom (including the chairman) shall be nominated by 1 Verge Information and one of whom shall be nominated by Zhejiang Dongyang. The Talent Agency JV shall have one supervisor, one general manager and one financial controller. Zhejiang Dongyang has the right of nomination of such supervisor, and the chairman of the board of directors of the Talent Agency JV has the right of nomination of such general manager and financial controller. The appointment of such supervisor shall be subject to the approval of the shareholders of the Talent Agency JV while the appointments of such general manager and financial controller shall be subject to the approval of the board of directors of the Talent Agency JV.

Profit Sharing Arrangement

Any distributable profit after tax and expenses of the Talent Agency JV shall be shared by Zhejiang Dongyang and 1 Verge Information in proportion to the capital contributed by each of them unless otherwise agreed by the parties.

Subsequent Increase in Registered Capital

Each of Zhejiang Dongyang and 1 Verge Information shall have the pre-emptive right to participate in the subsequent increase in registered capital of the Talent Agency JV in proportion to the initial capital contributed by each of them under the same conditions and at the same price, unless otherwise stipulated in the Talent Agency JV Agreement.

There is no further or future capital commitment requirement stipulated under the Talent Agency JV Agreement.

Restriction on Transfers

Without written consent from the other party, neither Zhejiang Dongyang nor 1 Verge Information may transfer, mortgage, pledge, encumber or otherwise dispose of all or any part of its equity interest in the Talent Agency JV to a third party.

The foregoing restriction shall not constrain the transfer or assignment of equity interest held by Zhejiang Dongyang or 1 Verge Information to its related parties.

In the event that either Zhejiang Dongyang or 1 Verge Information intends to sell the whole or part of its equity interest in the Talent Agency JV, the other party shall have a pre-emptive right to acquire such equity interest in the Talent Agency JV at the price and conditions set by the transferring party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE VARIETY SHOW JV AGREEMENT AND THE TALENT AGENCY JV AGREEMENT

The Group continues to expand its businesses around the entertainment ecosystem that it has built. 1 Verge Information has a history producing quality entertainment content and conducts online video services on the popular online video streaming platform - Youku. The Group plans to combine both its own and 1 Verge Information's resources in creating a variety show which aims to provide information, reviews and commentaries about movies and drama series with plenty of amusement. A program of such nature is especially suited for the Group's business of producing and promoting movies and drama series. The show will be part of the Group's strategy to enrich its media functions upon its new infrastructure for the movie industry. In addition to the variety show, Zhejiang Dongyang and 1 Verge Information will also work together to establish the Talent Agency JV which focuses on nurturing and managing entertainment talents. Talent resources continue to be an important part of the entertainment business and partnering with 1 Verge Information on establishing the Talent Agency JV will further enhance the Group's presence in the industry.

Having reviewed the terms of the Variety Show JV Agreement and the Talent Agency JV Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Variety Show JV Agreement and the Talent Agency JV Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms to the Company and that the entering into of the Variety Show JV Agreement and the Talent Agency JV 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.

LISTING RULES IMPLICATIONS

1 Verge Information is a consolidated entity of AGH. AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 49.49% of the issued share capital of the Company as at the date of this announcement. Accordingly, 1 Verge Information is an associate of Ali CV and hence a connected person of the Company.

The entering into of the Variety Show JV Agreement and the Talent Agency JV Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the entering into of the Talent Agency JV Agreement between Zhejiang Dongyang and 1 Verge Information on June 14, 2017, since all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules relating to the formation of the Talent Agency JV are below 0.1%, the transaction is, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from shareholders' approval, annual review and all disclosure requirements.

On August 9, 2017, Zhejiang Dongyang and 1 Verge Information entered into the Variety Show JV Agreement. Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules relating to the formation of the Variety Show JV are above 0.1% but below 5%, the entering into of the Variety Show JV Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Variety Show JV Agreement and the Talent Agency JV Agreement shall be aggregated and treated as if they were one transaction as they are of similar nature and were entered into within a 12-month period with the same counterparty. All the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the formation of the Variety Show JV and the Talent Agency JV, when aggregated, are below 5%.

As Mr. Yu Yongfu and Mr. Shao Xiaofeng are employees of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Variety Show JV Agreement and the Talent Agency JV Agreement and the transactions contemplated thereunder. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to the Variety Show JV Agreement and the Talent Agency JV Agreement and the transactions contemplated thereunder. Save as the aforesaid Directors, none of the other Directors has a material interest in the Variety Show JV Agreement and the Talent Agency JV Agreement and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the said resolutions passed by the Board.

INFORMATION ON THE COMPANY 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). As the flagship unit of Alibaba Group's entertainment arm, the Company focuses on developing the full business potential of integration and innovative applications of the Internet and traditional film and television industries. The core business of the Company includes the three major segments of internet-based promotion and distribution, content production, and integrated development. The Company's operations also include 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; the investment and production of entertainment content such as film and drama series both domestically and internationally; and centered around copyrights

the development of professional services ranging from financing, business placement, promotion and distribution to merchandising.

Zhejiang Dongyang, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company and an investment holding company.

INFORMATION ON AGH, ALIBABA GROUP AND 1 VERGE INFORMATION

AGH is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange.

Alibaba Group's mission is to make it easy to do business anywhere. It is the largest retail commerce company in the world in terms of gross merchandise volume in the twelve months ended March 31, 2017. Founded in 1999, Alibaba Group provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses that provide products, services and digital content to leverage the power of the Internet to engage with their users and customers. Alibaba Group's businesses are comprised of core commerce, cloud computing, digital media and entertainment and innovation initiatives and others.

1 Verge 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.

DEFINITIONS

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

| | |
|------------------------------|---|
| “1 Verge Information” | 合一信息技術（北京）有限公司 (1 Verge Information Technology (Beijing) Co., Ltd.*), a company incorporated in the PRC with limited liability and a consolidated entity of AGH |
| “AGH” | Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and the American depositary shares of which are listed on the New York Stock Exchange |
| “Alibaba Group” | AGH and its subsidiaries |
| “Ali CV” | Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of AGH |
| “associate(s)” | has the meaning ascribed to this term under Chapter 14A of the Listing Rules |

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|----------------------------------|---|
| “Board” | the board of Directors |
| “Business Day” | any day other than a Saturday, a Sunday or any other day on which the banks suspend business in the PRC as prescribed or authorized by the laws |
| “Company” | Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange with stock code 1060, which also has a secondary listing on the Singapore Exchange Securities Trading Limited (stock code: S91) |
| “connected person(s)” | has the meaning ascribed to this term under Chapter 14A of the Listing Rules |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “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 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to this term under the Listing Rules |
| “Talent Agency JV” | the joint venture to be formed in the PRC by Zhejiang Dongyang and 1 Verge Information pursuant to the Talent Agency JV Agreement |

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|-------------------------------------|---|
| “Talent Agency JV Agreement” | the joint venture agreement entered into between Zhejiang Dongyang and 1 Verge Information on June 14, 2017 relating to the formation of the Talent Agency JV |
| “Variety Show JV” | the joint venture to be formed in the PRC by Zhejiang Dongyang and 1 Verge Information pursuant to the Variety Show JV Agreement |
| “Variety Show JV Agreement” | the joint venture agreement entered into between Zhejiang Dongyang and 1 Verge Information on August 9, 2017 relating to the formation of the Variety Show JV |
| “Zhejiang Dongyang” | 浙江東陽阿里巴巴影業有限公司 (Zhejiang Dongyang Alibaba Pictures Co., Ltd.*), a company incorporated in the PRC with limited liability and a consolidated subsidiary of the Company |
| “%” | per cent. |

** English name for identification purpose only*

On behalf of the Board
Alibaba Pictures Group Limited
Yu Yongfu
Chairman

Hong Kong, August 9, 2017

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