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

**CONTINUING CONNECTED TRANSACTIONS -
PROCUREMENT FRAMEWORK AGREEMENT
RELATING TO ELECTRONIC VOUCHER CODES**

PROCUREMENT FRAMEWORK AGREEMENT

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and AGH (for itself and on behalf of its affiliates) entered into the Procurement Framework Agreement on May 22, 2019 for a term commenced from April 1, 2019 and ending on March 31, 2022. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with AGH or any of its affiliates to sell the Pre-sale Codes and/or the Cash Vouchers relating to movie tickets to AGH or any of its affiliates, subject to the Annual Caps.

PRIOR SPECIFIC PROCUREMENT AGREEMENTS

The Board further announces that Hangzhou Aurora entered into the following Prior Specific Procurement Agreements which shall be regarded as specific procurement agreements under the Procurement Framework Agreement:

- (1) a specific procurement agreement with Beijing Pony Media, a consolidated entity of AGH, on April 15, 2019, pursuant to which Hangzhou Aurora agreed to sell, and Beijing Pony Media agreed to purchase, 1,000 Pre-sale Codes relating to movie tickets at a total consideration of RMB45,000 (tax inclusive); and
- (2) a specific procurement agreement with Youku Information, a consolidated entity of AGH, on April 22, 2019, pursuant to which Hangzhou Aurora agreed to sell, and Youku Information agreed to purchase, 200 Pre-sale Codes relating to movie tickets at a total consideration of RMB15,000 (tax inclusive).

LISTING RULES IMPLICATIONS

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, AGH is an associate of Ali CV and hence a connected person of the Company. The entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The entering into of the Prior Specific Procurement Agreements and the transactions contemplated thereunder constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Prior Specific Procurement Agreements (whether individually or in aggregate) were less than 0.1%, the entering into of each of the Prior Specific Procurement Agreements and the transactions contemplated thereunder (whether individually or in aggregate) were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest Annual Cap for the transactions contemplated under the Procurement Framework Agreement are more than 0.1% but less than 5%, the entering into of the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and AGH (for itself and on behalf of its affiliates) entered into the Procurement Framework Agreement on May 22, 2019 for a term commenced from April 1, 2019 and ending on March 31, 2022. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with AGH or any of its affiliates to sell the Pre-sale Codes and/or the Cash Vouchers relating to movie tickets to AGH or any of its affiliates, subject to the Annual Caps.

PRINCIPAL TERMS OF THE PROCUREMENT FRAMEWORK AGREEMENT

Date: May 22, 2019

Parties: (1) Hangzhou Aurora, as seller
(2) AGH (for itself and on behalf of its affiliates), as purchaser

Term: three years commenced from April 1, 2019 and ending on March 31, 2022

Subject matter

Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with AGH or any of its affiliates to sell the Pre-sale Codes and/or the Cash Vouchers relating to movie tickets to AGH or any of its affiliates.

On April 15, 2019, Hangzhou Aurora and Beijing Pony Media, a consolidated entity of AGH, entered into a specific procurement agreement, pursuant to which Hangzhou Aurora agreed to sell, and Beijing Pony Media agreed to purchase, 1,000 Pre-sale Codes relating to movie tickets at a total consideration of RMB45,000 (tax inclusive).

On April 22, 2019, Hangzhou Aurora and Youku Information, a consolidated entity of AGH, entered into a specific procurement agreement, pursuant to which Hangzhou Aurora agreed to sell, and Youku Information agreed to purchase, 200 Pre-sale Codes relating to movie tickets at a total consideration of RMB15,000 (tax inclusive).

Basis of determination of the purchase prices of Electronic Voucher Codes

The purchase price chargeable by Hangzhou Aurora to AGH or any of its affiliates for the Pre-sale Codes shall be calculated on the basis of the actual costs and expenses of Hangzhou Aurora for the sale of the Pre-sale Codes plus a reasonable amount of profit. The final purchase price will be determined after arm's length negotiations between the parties with reference to a series of factors for a particular purchase, such as, the purchase quantity and purpose, distribution channel, target users, the maximum price for redeeming movie tickets and the range of movies available for redemption. In any event, the final purchase price for the Pre-Sale Codes will not be more favourable than the price chargeable by Hangzhou Aurora to any independent third party based on the same factors.

The purchase price chargeable by Hangzhou Aurora to AGH or any of its affiliates for the Cash Vouchers shall be calculated based on the face value of the Cash Vouchers. A discount will be given to AGH or the relevant affiliate of AGH after arm's length negotiations between the parties with reference to a series of factors with respect to a particular purchase, such as the purchase quantity and purpose, distribution channel, target users and the range of movies available for redemption. In any event, the final purchase price for the Cash Vouchers will not be more favourable than the price chargeable by Hangzhou Aurora to any independent third party based on the same factors.

The Group will from time to time review such purchase prices by comparing them against prices for comparable transactions chargeable by Hangzhou Aurora to any independent third party.

Payment terms

The purchase prices payable by AGH or any of its affiliates to Hangzhou Aurora shall be settled pursuant to the payment terms set out in the specific procurement agreements to be entered into between the parties.

Annual Caps and basis of determination of Annual Caps

The Board has determined the annual caps (the "Annual Caps") for the sale of the Electronic Voucher Codes under the Procurement Framework Agreement for the three financial years ending March 31, 2020, March 31, 2021 and March 31, 2022 to be fixed at RMB12,000,000 (including the total consideration of RMB60,000 payable/paid under the Prior Specific Procurement Agreements), RMB15,000,000 and RMB18,000,000 respectively.

The Annual Caps are determined with reference to the expected procurement needs and a certain percentage of buffer for the potential increase in procurement demands of AGH and/or its affiliates during the term of the Procurement Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT FRAMEWORK AGREEMENT

The Group believes that the entering into of the Procurement Framework Agreement shall greatly promote the development of the Group's online ticketing business by leveraging the solid user base of platforms operated, or services provided, by AGH's affiliates. It is expected that the Group will further explore its cooperation opportunities with AGH on the basis of mutual benefit in the future.

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

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, AGH is an associate of Ali CV and hence a connected person of the Company. The entering into of the Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The entering into of the Prior Specific Procurement Agreements and the transactions contemplated thereunder constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Prior Specific Procurement Agreements (whether individually or in aggregate) were less than 0.1%, the entering into of each of the Prior Specific Procurement Agreements and the transactions contemplated thereunder (whether individually or in aggregate) were, pursuant to Rule 14A.76(1) of the Listing Rules, fully exempt from independent shareholders' approval, annual review and all disclosure requirements at the time of signing.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest Annual Cap for the transactions contemplated under the Procurement Framework Agreement are more than 0.1% but less than 5%, the entering into of the Procurement Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Procurement Framework Agreement (including the Prior Specific Procurement Agreements), the Annual Caps and the transactions contemplated under the Procurement Framework Agreement (including the Prior Specific Procurement Agreements). As such, each of Mr. Fan Luyuan, Mr. Meng Jun, Ms. Zhang Yu and Mr. Chang Yang has abstained from voting on the relevant resolutions of the Board in relation to the Procurement Framework Agreement (including the Prior Specific Procurement Agreements), the Annual Caps and the transactions contemplated under the Procurement Framework Agreement (including the Prior Specific Procurement Agreements). Save as aforesaid, none of the other Directors has a material interest in the Procurement Framework Agreement (including the Prior Specific Procurement Agreements), the Annual Caps and the transactions contemplated under the Procurement Framework Agreement (including the Prior Specific Procurement Agreements), and therefore none of them has abstained from voting on the said resolutions passed by the Board.

INFORMATION ON THE COMPANY AND HANGZHOU AURORA

The Company is listed on both the Stock Exchange (stock code: 1060) and the Singapore Exchange Securities Trading Limited (stock code: S91). The Company focuses on developing the full business potential of integration and innovative applications of the Internet and traditional film and television industries. The core business of the Company includes three major segments: (i) Internet-based promotion and distribution, (ii) content production, and (iii) integrated development. These segments encompass (i) the operation of an integrated online-to-offline (O2O) platform for the promotion and distribution of entertainment content, and the provision of online movie ticketing service to consumers and ticket issuance system to cinemas; (ii) the investment and production of entertainment content such as film and drama series both domestically and internationally; and (iii) centered around copyrights the development of professional services ranging from financing, business placement, promotion and distribution to merchandising, respectively.

Hangzhou Aurora, being a company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company, is principally engaged in network technology development, e-commerce platform technology development and provision of relevant services.

INFORMATION ON AGH AND ALIBABA GROUP

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.

DEFINITIONS

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

“affiliate(s)”	with respect to any person that is not an individual, any other person that Controls, or is Controlled by, or is under common Control with, or has Material Influence over, or is under Material Influence of, or is under common Material Influence of, such person; for the avoidance of doubt, it shall include any subsidiaries of any person that is not an individual; for the purpose of this announcement, AGH together with its affiliates and the Group shall not be deemed to be an affiliate of each other
“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 Cayman Islands, an indirect wholly-owned subsidiary of AGH
“Alibaba Group”	AGH and its subsidiaries
“Annual Caps”	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE PROCUREMENT FRAMEWORK AGREEMENT – Annual Caps and basis of determination of Annual Caps” of this announcement, each the “Annual Cap”
“Beijing Pony Media”	北京紅馬傳媒文化發展有限公司 (Beijing Pony Media Culture Developments Co., Ltd.*), a company established under the laws of the PRC and a consolidated entity of AGH
“Board”	the board of Directors
“Cash Voucher(s)”	the electronic codes which can be used to set off against the purchase price or allows the user to enjoy a promotional price when purchasing electronic movie tickets, cinema membership cards or other products on Tao Piao Piao, an online ticketing platform operated by the Group

“Company”	Alibaba Pictures Group Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange with stock code 1060, which also has a secondary listing on the Singapore Exchange Securities Trading Limited (stock code: S91)
“connected person”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“Control”	the power or authority to decide the financial and operational policies of an entity and to acquire profits from businesses of such entity; the term “Controlled” has the meaning correlative to the foregoing
“Directors”	the directors of the Company
“Electronic Voucher Code(s)”	the Pre-sale Code(s) and the Cash Voucher(s)
“Group”	the Company and its subsidiaries
“Hangzhou Aurora ”	杭州晨熹多媒體科技有限公司 (Hangzhou Aurora Multi-Media Technology Co., Ltd.*), a company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company
“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
“Material Influence”	the power or authority to participate in the decision making of financial and operational policies of an entity without control over the formulation of such policies
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Pre-sale Code(s)”	the electronic codes which can be used to redeem electronic movie tickets that are below a certain ticket price without additional payment on Tao Piao Piao, an online ticketing platform operated by the Group

“Prior Specific Procurement Agreements”	the specific procurement agreement entered into between Hangzhou Aurora and Beijing Pony Media on April 15, 2019 and the specific procurement agreement entered into between Hangzhou Aurora and Youku Information on April 22, 2019, which are of the same nature as those specific procurement agreements to be entered into pursuant to the Procurement Framework Agreement
“Procurement Framework Agreement”	the procurement agreement entered into between Hangzhou Aurora and AGH (for itself and on behalf of its affiliates) on May 22, 2019 for a term commenced from April 1, 2019 and ending on March 31, 2022 relating to the sale of the Electronic Voucher Codes
“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
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Youku Information”	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 and a consolidated entity of AGH
“%”	per cent.

* For identification purpose only

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

Hong Kong, May 22, 2019

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