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

CONTINUING CONNECTED TRANSACTIONS - ENTERING INTO MARKETING SERVICES AGREEMENT

MARKETING SERVICES AGREEMENT

The Board announces that Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Marketing Services Agreement with Taobao Tianxia Media, an associate of AGH, on August 11, 2017 for a term commencing from July 5, 2017 to December 31, 2019. Pursuant to the Marketing Services Agreement, Zhonglian Shengshi has agreed to use, and Taobao Tianxia Media has agreed to provide, the Marketing Services based on Zhonglian Shengshi's own marketing and promotion needs.

LISTING RULES IMPLICATIONS

Taobao Tianxia Media is an associate 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, Taobao Tianxia Media is an associate of Ali CV and hence a connected person of the Company. The entering into of the Marketing Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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 Marketing Services under the Marketing Services Agreement are more than 0.1% but less than 5%, the entering into of the Marketing Services Agreement and the transactions contemplated thereunder is subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, entered into the Marketing Services Agreement with Taobao Tianxia Media, an associate of AGH, on August 11, 2017 for a term commencing from July 5, 2017 to December 31, 2019. Pursuant to the Marketing Services Agreement, Zhonglian Shengshi has agreed to use, and Taobao Tianxia Media has agreed to provide, the Marketing Services based on Zhonglian Shengshi's own marketing and promotion needs.

PRINCIPAL TERMS OF MARKETING SERVICES AGREEMENT

The principal terms of the Marketing Services Agreement are set out below.

Date: August 11, 2017

Parties: (1) Zhonglian Shengshi, an indirect wholly-owned subsidiary of the Company, as service user

(2) Taobao Tianxia Media, an associate of AGH and a connected person of the Company, as service provider

Term: July 5, 2017 to December 31, 2019

Subject Matter

Zhonglian Shengshi, and certain other members of the Group as designated by Zhonglian Shengshi from time to time, can order specific Marketing Services provided by Taobao Tianxia Media.

Annual Caps and Pricing Basis

The annual caps of the Marketing Services under the Marketing Services Agreement for the years ending December 31, 2017, 2018, and 2019 are set out below:

	Annual Cap (RMB'000)		
	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Annual Cap	10,000	15,000	15,000

The annual caps are determined based on (i) the specific fees for different services offered by Taobao Tianxia Media, and (ii) the Group's marketing and promotion needs. The Group considers the fees charged by Taobao Tianxia Media to be of market competitive rates, compared with other vendors' fee quotes and taken into account Taobao Tianxia Media's expertise. Based on the industry environment and the Group's strategic business goals, the fees incurred with Taobao Tianxia Media are expected to be under RMB10 million in 2017, and

under RMB15 million on 2018 and 2019. From July 5, 2017 to the date of this announcement, approximately RMB0.8 million have been incurred under the Marketing Services Agreement.

As stated in the Company's 2016 annual report, the Group's marketing and promotion expenses amounted to approximately RMB1,076.6 million for the year ended December 31, 2016. The Group will continue to seek to optimize its marketing and promotion strategy, with the goal of achieving the most cost effective results.

Payment Terms

After Taobao Tianxia Media receives the Group's service requests, it will issue a detailed list of the items and their corresponding costs, including fees, if any, charged by third parties. The Group will vet the details and confirm all fees are in accordance with the Marketing Services Agreement. Taobao Tianxia Media, upon receiving the Group's confirmation, will issue the corresponding invoice(s) to the Group, which will make payment to Taobao Tianxia Media in cash within 10 working days by wire transfer.

REASONS FOR AND BENEFITS OF ENTERING INTO MARKETING SERVICES AGREEMENT

As the Group continues to grow its business, it serves an increasing number of consumers and thus faces increasing exposure in the marketplace. The Group is prepared to implement an appropriate marketing strategy to address the communication needs between the Group and the public, and to further popularize the products and services offered by the Group. Taobao Tianxia Media has been selected by the Group for its expertise and capabilities in marketing campaigns, information services, and event planning. It has a history of serving AGH and its service offerings are priced very competitively. Given its experiences of serving internet companies in the PRC, the Group believes that Taobao Tianxia Media is a vendor that is able to execute the required tasks satisfactorily and add value for the Group in marketing functions. With the Marketing Services Agreement, the Group is able to order the services based on its needs. Going forward, the Group will continue to evaluate its marketing strategy and the performances of its vendor(s) as the market environment evolves.

Having reviewed the terms of the Marketing Services Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Marketing Services Agreement and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms or better to the Company and that the entering into of the Marketing Services 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

Taobao Tianxia Media is an associate of AGH. AGH is the ultimate sole shareholder of Ali CV, 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, Taobao Tianxia Media is an associate of Ali CV and hence a connected person of the Company. The entering into of the Marketing Services Agreement and the transactions contemplated thereunder

constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As disclosed herein, the actual services fee between Zhonglian Shengshi and Taobao Tianxia Media under the Marketing Services Agreement for the period from July 5, 2017 to the date of this announcement is less than HK\$3,000,000, and thus such transaction is below the de minimis threshold under Chapter 14A of the Listing Rules. 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 services under the Marketing Services Agreement are more than 0.1% but less than 5%, the entering into of the Marketing Services Agreement and the transactions contemplated thereunder is subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Marketing Services Agreement, the relevant annual caps and the transactions contemplated under the Marketing Services Agreement. Accordingly, they have abstained from voting on the resolutions passed by the Board in relation to the Marketing Services Agreement, the relevant annual caps and the transactions contemplated under the Marketing Services Agreement. Save as the aforesaid Directors, none of the other Directors has a material interest in the Marketing Services Agreement, the relevant annual caps and the transactions contemplated under the Marketing Services Agreement, and therefore none of them has abstained from voting on the said resolutions passed by the Board.

INFORMATION ON THE COMPANY AND ZHONGLIAN SHENGSHI

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.

Zhonglian Shengshi is an indirect wholly-owned subsidiary of the Company, established under the laws of the PRC. It serves mainly administrative and investment holding purposes for the Group.

INFORMATION ON AGH, ALIBABA GROUP AND TAobao TIANXIA MEDIA

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.

Taobao Tianxia Media, a company established in the PRC and an associate of AGH, is principally engaged in provision of information services, conference services, and marketing services, etc.

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
“Alibaba Group”	AGH and its subsidiaries
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“associate(s)”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“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
“Marketing Services”	the marketing services provided by Taobao Tianxia Media to Zhonglian Shengshi pursuant to the Marketing Services Agreement, which mainly include the creation of marketing campaigns, the design and production of marketing materials, and event planning
“Marketing Services Agreement”	the marketing services agreement entered into between Zhonglian Shengshi and Taobao Tianxia Media on August 11, 2017
“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
“Taobao Tianxia Media”	淘寶天下傳媒有限公司 (Taobao Tianxia Media Co., Ltd.*), a company established in the PRC and an associate of AGH

“Zhonglian Shengshi”

中聯盛世文化（北京）有限公司 (Zhonglian Shengshi Culture (Beijing) Co., Ltd.*) , an indirect wholly-owned subsidiary of the Company

** For identification purpose only*

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

Hong Kong, August 11, 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.