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

**CONTINUING CONNECTED TRANSACTIONS -
PROCUREMENT FRAMEWORK AGREEMENT
RELATING TO ELECTRONIC VOUCHER CODES
AND
CONNECTED TRANSACTION -
CASH VOUCHERS PROCUREMENT AGREEMENT**

PROCUREMENT FRAMEWORK AGREEMENT

The Board announces that Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Financial (for itself and on behalf of its subsidiaries) entered into the Procurement Framework Agreement on January 21, 2020 for a term commencing from the date of the Procurement Framework Agreement (i.e. January 21, 2020) and ending on March 31, 2022. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell the Electronic Voucher Codes to Ant Financial or any of its subsidiaries, subject to the annual caps.

CASH VOUCHERS PROCUREMENT AGREEMENT

The Board further announces that Hangzhou Aurora and Alipay (Hangzhou) entered into the Cash Vouchers Procurement Agreement on July 30, 2019, pursuant to which Hangzhou Aurora agreed to sell, and Alipay (Hangzhou) agreed to purchase, Cash Vouchers at total consideration of RMB440,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 50.64% of the issued share capital of the Company. As Ant Financial is indirectly held by AGH as to 33% of its equity interest and Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Financial, each of Ant Financial and Alipay (Hangzhou) is an associate of Ali CV and thus a connected person of the Company as at the date of this announcement. 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, while the

entering into of the Cash Vouchers Procurement Agreement constitutes a connected transaction 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 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 all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the total consideration under the Cash Vouchers Procurement Agreement are less than 0.1%, the entering into of the Cash Vouchers Procurement Agreement was, 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.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Procurement Framework Agreement shall be aggregated with the connected transactions contemplated under each of the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement as if they were one transaction as they are of similar nature and were all entered into within a 12-month period by the Group with parties who are connected with one another. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest aggregated amount of annual caps/total consideration for the transactions contemplated under the Procurement Framework Agreement, the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement for any specific financial year are more than 0.1% but below 5%, all the transactions contemplated under the Procurement Framework Agreement, the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the AGH Procurement Framework Agreement and the transactions contemplated thereunder have already been disclosed in the announcement of the Company dated May 22, 2019.

INTRODUCTION

Reference is made to the announcement of the Company dated August 1, 2018 relating to, among others, the entering into of the Previous Procurement Framework Agreement between Hangzhou Aurora, an indirect non-wholly-owned subsidiary of the Company, and Ant Financial (for itself and on behalf of its subsidiaries), for a term commenced from August 1, 2018 and ended on March 31, 2019.

The Board announces that Hangzhou Aurora and Ant Financial entered into the Procurement Framework Agreement on January 21, 2020 for a term commencing from the date of the Procurement Framework Agreement (i.e. January 21, 2020) and ending on March 31, 2022. Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell the Electronic Voucher Codes to Ant Financial or any of its subsidiaries, subject to the annual caps.

PROCUREMENT FRAMEWORK AGREEMENT

The principal terms of the Procurement Framework Agreement are set out below:

Date: January 21, 2020

Parties: (1) Hangzhou Aurora, as seller
(2) Ant Financial (for itself and on behalf of its subsidiaries), as purchaser

Term: the period commencing from January 21, 2020 and ending on March 31, 2022

Subject Matter

Pursuant to the Procurement Framework Agreement, Hangzhou Aurora may enter into specific procurement agreements with Ant Financial or any of its subsidiaries to sell Pre-sale Codes and/or Cash Vouchers, namely the Electronic Voucher Codes to Ant Financial or any of its subsidiaries.

Basis of Determination of the Purchase Prices of the Electronic Voucher Codes

The purchase price chargeable by Hangzhou Aurora to Ant Financial or any of its subsidiaries 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 quantity of codes to be purchased and the purpose, distribution channel, target users, 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 Ant Financial or any of its subsidiaries for the Cash Vouchers shall be calculated based on the face value of the Cash Vouchers. A discount will be given to Ant Financial or the relevant subsidiary of Ant Financial 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.

Annual Caps and Basis of Determination of Annual Caps

The total actual transaction amount for the sale of the Electronic Voucher Codes under the Previous Procurement Agreements was approximately RMB2,924,000.

The Board has determined the annual caps for the sale of the Electronic Voucher Codes under the Procurement Framework Agreement for the period from January 21, 2020 to March 31, 2020

and each of the financial years ending March 31, 2021 and March 31, 2022 to be fixed at RMB10,000,000, RMB25,000,000 and RMB35,000,000, respectively.

The above-mentioned annual caps are determined with reference to (i) the historical transaction amounts under the Previous Procurement Agreements, (ii) the expected procurement needs of Ant Financial and/or its subsidiaries during the term of the Procurement Framework Agreement, and (iii) the certain percentage of buffer for the increase in potential procurement demands during the term of the Procurement Framework Agreement.

Payment Terms

The purchase price payable by Ant Financial or the relevant subsidiary of Ant Financial 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.

CASH VOUCHERS PROCUREMENT AGREEMENT

The principal terms of the Cash Vouchers Procurement Agreement are set out below:

Date: July 30, 2019

Parties: (1) Hangzhou Aurora, as seller
(2) Alipay (Hangzhou), as purchaser

Subject Matter

Pursuant to the Cash Vouchers Procurement Agreement, Hangzhou Aurora agreed to sell the Cash Vouchers to Alipay (Hangzhou), including 1,000 Cash Vouchers with the face value of RMB40 each and 20,000 Cash Vouchers with the face value of RMB20 each, at the total consideration of RMB440,000.

Basis of Determination of the purchase price of the Cash Vouchers

The purchase prices of the Cash Vouchers chargeable by Hangzhou Aurora to Alipay (Hangzhou) were calculated based on the face value of the Cash Vouchers which was determined after arm's length negotiations between the parties with reference to a series of factors, such as the purchase quantity and purpose, distribution channel, target users and the range of movies available for redemption.

Payment terms

The total consideration of RMB440,000 for transactions under the Cash Vouchers Procurement Agreement was settled in cash by Alipay (Hangzhou) on July 30, 2019.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT FRAMEWORK AGREEMENT AND THE CASH VOUCHERS PROCUREMENT AGREEMENT

Given the satisfactory cooperation between the Group and Ant Financial under the Previous Procurement Framework Agreement, the Group believes that the entering into of the Procurement Framework Agreement and the Cash Vouchers Procurement Agreement and its continuing to maintain and expand its similar cooperation with Ant Financial and its subsidiaries shall greatly promote the development of the Group's online ticketing business by leveraging on the solid user base of Ant Financial. It is expected that the Group will further explore its cooperation opportunities with Ant Financial on the basis of mutual benefit in the future.

Having reviewed the terms of the Procurement Framework Agreement and the Cash Vouchers Procurement Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Procurement Framework Agreement, the Cash Vouchers Procurement Agreement, the relevant annual caps and the relevant transaction amount 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 and the Cash Vouchers Procurement 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

As at the date of this announcement, AGH is the ultimate sole shareholder of Ali CV, which is a substantial shareholder and a connected person of the Company holding approximately 50.64% of the issued share capital of the Company. As Ant Financial is indirectly held by AGH as to 33% of its equity interest and Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Financial, each of Ant Financial and Alipay (Hangzhou) is an associate of Ali CV and thus a connected person of the Company as at the date of this announcement. 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, while the entering into of the Cash Vouchers Procurement Agreement constitutes a connected transaction 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 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 all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the total consideration under the Cash Vouchers Procurement Agreement are less than 0.1%, the entering into of the Cash Vouchers Procurement Agreement was, 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.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Procurement Framework Agreement shall be aggregated with the connected transactions contemplated under each of the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement as if they were one transaction as they are of similar nature and were all entered into within a 12-month period by the Group with parties who are connected with one another. As all of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the highest aggregated amount of annual caps/total consideration for the transactions contemplated under the Procurement Framework Agreement, the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement for any specific financial year are more than 0.1% but below 5%, all the transactions contemplated under the Procurement Framework Agreement, the AGH Procurement Framework Agreement and the Cash Vouchers Procurement Agreement are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the AGH Procurement Framework Agreement and the transactions contemplated thereunder have already been disclosed in the announcement of the Company dated May 22, 2019.

As (i) Ms. Zhang Yu, the then non-executive Director, is an employee of Ant Financial or its subsidiary and a former employee of AGH or its subsidiary in the last twelve months as at the date of the passing of the resolution(s) by the Board in relation to the Procurement Framework Agreement, and (ii) each of Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong, who was appointed as non-executive Director on January 17, 2020, is an employee of AGH or its subsidiaries, each of them is deemed or may be perceived to have a material interest in the Procurement Framework Agreement, the Cash Vouchers Procurement Agreement, the relevant annual caps, the relevant transaction amount and/or the transactions contemplated thereunder (where applicable). As such, Ms. Zhang Yu, Mr. Fan Luyuan, Mr. Meng Jun, Mr. Chang Yang and Mr. Xu Hong were not involved in the process for the approval of the resolution(s) passed by the Board in relation to the Procurement Framework Agreement, the Cash Vouchers Procurement Agreement, the relevant annual caps, the relevant transaction amount and/or the transactions contemplated thereunder (where applicable). Save as the aforesaid, none of the Directors has a material interest in the Procurement Framework Agreement, the Cash Vouchers Procurement Agreement, the relevant annual caps, the relevant transaction amount and the transactions contemplated thereunder, and therefore none of them has abstained from voting on the relevant resolution(s) passed by the Board.

INFORMATION ON THE COMPANY AND HANGZHOU AURORA

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 online-to-online (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.

Hangzhou Aurora, being a company established under the laws of the PRC and an indirect non-wholly-owned subsidiary of the Company as at the date of this announcement, is principally engaged in provision of technology development and technology consulting services.

INFORMATION ON AGH, ANT FINANCIAL AND ALIPAY (HANGZHOU)

AGH is 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). 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.

Ant Financial, being a company incorporated in the PRC. Ant Financial is a technology company that aims to bring accessible financial services to the world. With its mission "to bring the world equal opportunities", Ant Financial is committed to building an open and shared credit system and financial services platform to provide safe and accessible financial services to global consumers and microenterprises through its technological and innovation capabilities. As at the date of this announcement, the shares of Ant Financial are held by Hangzhou Alibaba, Hangzhou Junao and Hangzhou Junhan as to 33%, 21.53% and 28.45%, respectively, and the voting rights of Hangzhou Junao and Hangzhou Junhan in Ant Financial are controlled by Hangzhou Yunbo, the general partner, which in turn is entirely owned by Mr. Yun Ma.

Alipay (Hangzhou) is a company established under the laws of PRC and is principally engaged in development of information technology and provision of network information services. Alipay (Hangzhou) is a wholly-owned subsidiary of Ant Financial.

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, 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

“AGH 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, details of which were disclosed in the announcement of the Company dated May 22, 2019
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“Alipay”	支付寶（中國）網絡技術有限公司 (Alipay.com Co., Ltd.*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
“Alipay (Hangzhou)”	支付寶（杭州）信息技術有限公司 (Alipay (Hangzhou) Information Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
“Ant Financial”	浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*), a company incorporated in the PRC with limited liability and an associate of AGH
“Ant Shengxin”	螞蟻勝信（上海）信息技術有限公司 (Ant Shengxin (Shanghai) Information Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Ant Financial
“associate”, “connected person” “subsidiary(ies)” and “substantial shareholder”	each has the meaning ascribed to it under the Listing Rules
“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 Hangzhou Aurora

“Cash Vouchers Procurement Agreement”	the procurement agreement entered into between Hangzhou Aurora and Alipay (Hangzhou) on July 30, 2019 relating to Cash Vouchers
“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)
“Directors”	the directors of the Company
“Electronic Voucher Code(s)”	Pre-sale Code(s) and Cash Voucher(s)
“Group”	the Company and its subsidiaries
“Hangzhou Alibaba”	杭州阿里巴巴網絡科技有限公司 (Hangzhou Alibaba Network Technology Co., Ltd.*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of AGH
“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 with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Hangzhou Junao”	杭州君澳股權投資合夥企業（有限合夥） (Hangzhou Junao Equity Investment Partnership (Limited Partnership) *), a limited liability partnership established under the laws of the PRC
“Hangzhou Junhan”	杭州君瀚股權投資合夥企業（有限合夥） (Hangzhou Junhan Equity Investment Partnership (Limited Partnership) *), a limited liability partnership established under the laws of the PRC
“Hangzhou Yunbo”	杭州雲鉞投資諮詢有限公司 (Hangzhou Yunbo Investment Consulting Co., Ltd.*), a company established under the laws of the PRC with limited liability
“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
“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 Hangzhou Aurora
“Previous Procurement Agreements”	the Procurement Agreement I, the Procurement Agreement II and the Previous Procurement Framework Agreement
“Previous Procurement Framework Agreement”	the procurement framework agreement entered into between Hangzhou Aurora and Ant Financial (for itself and on behalf of its subsidiaries) on August 1, 2018 for a term commenced from August 1, 2018 and ended on March 31, 2019 relating to the sale of the Pre-Sale Codes and the Cash Vouchers
“Procurement Agreement I”	the procurement agreement entered into between Hangzhou Aurora and Ant Shengxin on July 10, 2018 relating to the sale of the Pre-Sale Codes, details of which were disclosed in the announcement of the Company dated August 1, 2018
“Procurement Agreement II”	the procurement agreement entered into between Hangzhou Aurora and Alipay on July 11, 2018 relating to the sale of the Pre-Sale Codes, details of which were disclosed in the announcement of the Company dated August 1, 2018
“Procurement Framework Agreement”	the procurement framework agreement entered into between Hangzhou Aurora and Ant Financial (for itself and on behalf of its subsidiaries) on January 21, 2020 for a term commencing from January 21, 2020 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

“Tao Piao Piao”

Tao Piao Piao, an online ticketing platform in the PRC operated by the Group

“%”

per cent.

** For identification purpose only*

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

Hong Kong, January 21, 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.