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**Alibaba Pictures Group Limited**  
**阿里巴巴影业集团有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1060)**

**(1) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF  
NEW SHARES BY THE CONTROLLING SHAREHOLDER  
AND  
(2) PROPOSED SHARE ISSUANCE UNDER SPECIFIC MANDATE**

**Independent Financial Adviser to the  
Independent Board Committee  
and the Independent Shareholders**



**PLATINUM**  
Securities

**SUBSCRIPTION OF NEW SHARES**

On December 9, 2018, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Subscriber, 1,000,000,000 new Shares at the Subscription Price (i.e. HK\$1.25 per Subscription Share).

The Subscription Shares represent approximately (i) 3.92% of the issued share capital of the Company as at the date of this announcement; (ii) 3.78% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming none of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares); and (iii) 3.75% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming all of the Outstanding Share Options will have been exercised but there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares and the exercise of the Outstanding Share Options).

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange.

#### **IMPLICATIONS OF THE LISTING RULES**

The Subscriber is a controlling shareholder of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company, as at the date of this announcement, the Subscriber is interested in an aggregate of 12,488,058,846 Shares, representing approximately 49.00% of the total issued share capital of the Company. Upon Completion, the shareholding of the Subscriber is expected to increase from approximately 49.00% to (i) approximately 50.92% of the then issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming none of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares) or (ii) 50.63% of the then issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming all of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares and the exercise of the Outstanding Share Options).

## **GENERAL**

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate). Based on the information, belief and knowledge of the Company, save for the Subscriber and its associates (if any), no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and is therefore required to abstain from voting for the relevant resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate). The Company has appointed Platinum as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate); and (iv) a notice of the SGM is expected to be despatched by the Company to the Shareholders on or before January 15, 2019 for the reason that more time is required to finalise certain information to be included in the circular.

**As the Subscription may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION OF NEW SHARES**

### **The Subscription Agreement**

#### *Date*

December 9, 2018

#### *Parties*

Issuer:               the Company

Subscriber:       Ali CV

The Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Subscriber, 1,000,000,000 new Shares at the Subscription Price (i.e. HK\$1.25 per Subscription Share), with an aggregate consideration of HK\$1,250,000,000.

### *The Subscription Shares*

The Subscription Shares represent approximately (i) 3.92% of the issued share capital of the Company as at the date of this announcement; (ii) 3.78% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming none of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares); and (iii) 3.75% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming all of the Outstanding Share Options will have been exercised but there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares and the exercise of the Outstanding Share Options). Based on the closing price of the Shares of HK\$1.23 per Share on the Last Trading Day, the Subscription Shares have a market value of HK\$1,230,000,000, and the aggregate nominal value of the Subscription Shares is HK\$250,000,000.

### *Subscription Price*

The Subscription Price of HK\$1.25 per Subscription Share represents:

- (a) a premium of approximately 1.63% to the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.13% to the average closing price of approximately HK\$1.24 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Last Trading Day;
- (c) a premium of approximately 7.20% to the average closing price of approximately HK\$1.17 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 81.16% to the Group's audited consolidated net asset value per Share as at March 31, 2018 of approximately RMB0.55 (equivalent to approximately HK\$0.69).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other things, recent market prices of the Shares, comparable companies and the business prospects of the Group. The Board has made reference to and taken into account:

- (i) the fluctuation of the market prices of the Shares during the 12-month period from December 8, 2017 and up to and including the Last Trading Day (the "Review Period");
- (ii) the Subscription Price is within the range of daily closing prices of the Share during the Review Period, whereby the lowest of HK\$0.82 per Share was recorded on August 17, 2018, and the highest of HK\$1.26 was recorded on December 4, 2018;
- (iii) the Subscription Price represents a premium to the average closing price of the Shares of approximately HK\$1.00 per Share during the Review Period;
- (iv) the Subscription Price represents a premium to the average closing price of the Shares of approximately HK\$1.17 per Share for the last 30 trading days up to and including the Last Trading Day;
- (v) through the Subscription, the Company will raise additional funds which will improve the financial position and liquidity of the Group and provide the Company with the financial flexibility necessary for the expansion of the Group's existing business and the capability to capture any prospective acquisition opportunities as and when they arise; and
- (vi) the Subscriber will hold more than 50% shareholding interest in the Company upon the allotment and issue of the Subscription Shares at Completion (assuming none of the Outstanding Share Options will have been exercised and there will be no other change in the number of issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares).

The Directors (excluding the independent non-executive Directors whose opinions will be provided after taking into consideration of the advice from the Independent Financial Adviser) consider that the Subscription Price and the other terms and conditions in the Subscription Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

### *Conditions precedent*

Completion is conditional upon the following conditions being satisfied (or unless, in the case of the conditions (b) and (e) below, waived by the Subscriber):

- (a) the passing of the resolution(s) at the SGM to be convened by the Company by the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder, including the granting of Specific Mandate to the Directors to allot and issue the Subscription Shares;
- (b) the passing of resolutions at a general meeting to be convened by the Company by the Shareholders to approve the appointment of such person(s) as nominated by the Subscriber as Director(s);
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definite share certificate(s) representing allotment of the Subscription Shares to the Subscriber or its nominee(s));
- (d) either (i) the SFC confirming in a written ruling that the transaction contemplated under the Subscription Agreement would not trigger a requirement on any party to make a general offer for all the Shares (or other confirmation from the SFC satisfactory to the Subscriber), or (ii) a whitewash waiver (as contemplated under Note 1 to Rule 26 of the Takeovers Code) being obtained from the SFC and approved by the Independent Shareholders in accordance with the Takeovers Code; and
- (e) in addition to conditions (c) and (d) above, the Company having obtained each necessary consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver (including but not limited to those provided by the SFC, the Stock Exchange or any other third party (if applicable)) in relation to the Subscription Agreement and/or the transactions contemplated thereunder, and such consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver not having been revoked or withdrawn.

In the event that the above conditions are not fulfilled or waived (if applicable) on or before February 28, 2019 (or such later date as may be agreed between the parties), then the Subscription Agreement and all rights and obligations hereunder will cease and terminate.

### *Completion*

Subject to the conditions having been fulfilled or waived (if applicable), Completion will take place within three (3) Business Days following the day on which the last of conditions has been fulfilled (or waived, as the case may be), and in any event no later than March 5, 2019 (or such other time or date as the parties may agree in writing).

On the date of Completion, the Subscriber shall pay to the Company the total consideration of HK\$1,250,000,000 in cash for the Subscription and the Subscription Shares shall be allotted and issued to the Subscriber free from all liens, charges, security, interests, encumbrances and adverse claims. The Subscription Shares shall rank pari passu in all respects with the Shares then in issue and in particular will rank in full for all dividends and other distributions declared, made or paid at any time after Completion.

### *Nomination of Directors*

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and the bye-laws of the Company and for so long as the Subscriber continues to be the single largest shareholder or a controlling shareholder (as defined under the Listing Rules) of the Company, the Subscriber shall have the right to nominate such number of person(s) to be appointed as executive and non-executive Director(s) to ensure that the Directors nominated by the Subscriber shall constitute a simple majority of the total number of Directors, and the Company shall use its best endeavours to take all necessary steps to give effect to such rights of the Subscriber.

### *Specific Mandate to issue the Subscription Shares*

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the SGM.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the main board of the Stock Exchange.



## **BACKGROUND OF THE COMPANY AND THE SUBSCRIBER**

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.

The Subscriber is the controlling shareholder of the Company. As at the date of this announcement, the Subscriber is wholly owned by AGH, through its controlled corporation, AIL, and is an investment holding company. AGH's American depository 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.

Based on the information currently available to the Company, as at the date of this announcement, the Subscriber is interested in an aggregate of 12,488,058,846 Shares, representing approximately 49.00% of the total issued share capital of the Company.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

As Alibaba Group strives to strategically unify its digital media and entertainment holdings and pursue stronger synergies, the Subscription will further strengthen the collaboration between the Company and Alibaba Group's other media content and distribution businesses, such as Youku, Damai and Alibaba Literature, to deliver better user experiences for audiences in the PRC. It is also a vote of confidence, backing the Company's ability to tap into the promising growth prospects of the PRC's film industry by leveraging Alibaba Group's edge in big data and e-commerce.



The Subscription will accelerate the Company's growth by further strengthening the capital base and financial position of the Company and laying down a more solid foundation for future business development. As the net proceeds from the Subscription are expected to be applied to the general working capital of the Group, it will further enhance the Company's working capital position and improve the Group's net debt ratio and net current liabilities position. The Subscription could raise a substantial amount of additional capital and funding to equip the Group with more resources to stay competitive against its competitors, scale up the business, execute the growth strategies in the four key business segments of the Group, namely, (i) content, (ii) distribution and promotion, (iii) intellectual property (IP) merchandising and financing, and (iv) the continual building of an integrated ecosystem for the movie industry.

The Directors consider that the Subscription represents an opportunity to raise capital for the Company in order to maintain a sufficient cash position of the Group to meet its current liabilities and to enhance the capital base of the Company.

As Mr. Fan Luyuan, Mr. Yu Yongfu and Mr. Shao Xiaofeng are members of the Alibaba Partnership and Mr. Fan Luyuan 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 Subscription Agreement and the transactions contemplated thereunder. As such, Mr. Fan Luyuan, Mr. Yu Yongfu and Mr. Shao Xiaofeng have abstained from voting on the relevant resolutions of the Board. Save as aforesaid, none of the other Directors has a material interest in the Subscription Agreement which requires any of them to abstain from voting on the Board resolutions in relation to the Subscription Agreement and the transactions contemplated thereunder.

The Board (excluding the independent non-executive Directors whose opinions will be provided after taking into consideration of the advice from the Independent Financial Adviser) considers the terms of the Subscription Agreement to be normal commercial terms and are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

In the circumstances, the Board considers that the Subscription, compared to a rights issue or an open offer, is the preferred financing method for the Group taking into account the Company's share price and the stock market conditions, the time and procedures needed for each of the financing options. Meanwhile, the Subscription enables the Group to keep its borrowings and interest expenses low, which would in turn maximize the Shareholders' value.

## **USE OF PROCEEDS**

The gross proceeds of the Subscription will be approximately HK\$1,250,000,000. The net proceeds, after deduction of all relevant expenses incidental to the Subscription, are estimated to be approximately HK\$1,247,500,000 and the net subscription price per Share is approximately HK\$1.25. The net proceeds from the Subscription will mainly be used for content investment, the further expanding of customer base, sales and marketing activities, selective mergers and acquisitions when opportunities arise, and general corporate purposes.

## **IMPLICATIONS OF THE LISTING RULES**

The Subscriber is a controlling shareholder of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company, as at the date of this announcement, the Subscriber is interested in an aggregate of 12,488,058,846 Shares, representing approximately 49.00% of the total issued share capital of the Company. Upon Completion, the shareholding of the Subscriber is expected to increase from approximately 49.00% to approximately (i) 50.92% of the then issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming none of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares) or (ii) 50.63% of the then issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming all of the Outstanding Share Options will have been exercised and there will be no other change in the number of the issued Shares between the date of this announcement and the date of Completion, save for the allotment and issue of the Subscription Shares and the exercise of the Outstanding Share Options).

## **EFFECT ON THE SHAREHOLDING OF THE COMPANY**

As at the date of this announcement, the Company has 25,488,023,910 Shares in issue and 153,305,000 outstanding share options (i.e. the Outstanding Share Options) granted by the Company.

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the Completion assuming none of the Outstanding Share Options will have been exercised (and assuming there will be no change in the issued share capital of the Company for the period between the date of this announcement and the Completion, save for the allotment and issue of the Subscription Shares); and (iii) immediately following the Completion assuming all of the Outstanding Share Options will have been exercised (and assuming there will be no other change in the issued share capital of the Company for the period between the date of this announcement and the Completion, save for the allotment and issue of the Subscription Shares and the exercise of the Outstanding Share Options):

Shareholder	Shareholding as at the date of this announcement		Shareholding upon the Completion assuming none of the Outstanding Share Options will have been exercised		Shareholding upon the Completion assuming all of the Outstanding Share Options will have been exercised	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Subscriber	12,488,058,846	49.00	13,488,058,846	50.92	13,488,058,846	50.63
<b>Sub-total</b>	<u>12,488,058,846</u>	<u>49.00</u>	<u>13,488,058,846</u>	<u>50.92</u>	<u>13,488,058,846</u>	<u>50.63</u>
<b>Director(s)</b>						
Zhang Wei	826,696	0.00	826,696	0.00	17,826,696	0.06
Shao Xiaofeng	10,000,000 (Note)	0.04	10,000,000	0.04	10,000,000	0.04
<b>Sub-total</b>	<u>10,826,696</u>	<u>0.04</u>	<u>10,826,696</u>	<u>0.04</u>	<u>27,826,696</u>	<u>0.10</u>
Other shareholders	12,989,138,368	50.96	12,989,138,368	49.04	13,125,443,368	49.27
<b>Total</b>	<u><u>25,488,023,910</u></u>	<u><u>100.00</u></u>	<u><u>26,488,023,910</u></u>	<u><u>100.00</u></u>	<u><u>26,641,328,910</u></u>	<u><u>100.00</u></u>

*Note:* Such 10,000,000 ordinary shares are directly held by a discretionary trust of which Mr. Shao Xiaofeng is a founder who can influence how the trustee exercises his discretion. Mr. Shao Xiaofeng is taken to be interested in all such 10,000,000 ordinary shares of the Company.

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any other capital raising activities during the 12 months immediately preceding the date of this announcement.

## GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate). Based on the information, belief and knowledge of the Company, save for the Subscriber and its associates (if any), no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and is therefore required to abstain from voting for the relevant resolutions to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscription Agreement, the transactions contemplated thereunder (including the grant of Specific Mandate). The Company has appointed Platinum as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) details of the Subscription Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate); (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate); and (iv) a notice of the SGM is expected to be despatched by the Company to the Shareholders on or before January 15, 2019 for the reason that more time is required to finalise certain information to be included in the circular.

**As the Subscription may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

<b>“AGH”</b>	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
<b>“AIL”</b>	Alibaba Investment Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of AGH

<b>“Ali CV” or “Subscriber”</b>	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of AGH
<b>“Alibaba Group”</b>	AGH and its subsidiaries
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	a day (not being a Saturday or Sunday) when banks generally are open in Hong Kong for the transaction of general banking business
<b>“Company”</b>	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)
<b>“Completion”</b>	completion of the allotment and issue of the Subscription Shares under the Subscription Agreement
<b>“connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of the PRC
<b>“Independent Board Committee”</b>	the independent committee of the Board which comprises all the independent non-executive Directors, namely: Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate)

<b>“Independent Financial Adviser” or “Platinum”</b>	Platinum Securities Company Limited, a licensed corporation to carry out type 1 and type 6 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription
<b>“Independent Shareholder(s)”</b>	Shareholders other than (i) the Subscriber and its associates; (if any) and (ii) those who have a material interest in the Subscription or are required by the Listing Rules to abstain from voting on the resolutions approving the Subscription, the allotment and issue of the Subscription Shares and other transactions contemplated under the Subscription Agreement
<b>“Last Trading Day”</b>	December 7, 2018, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreement
<b>“Listing Committee”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Outstanding Share Options”</b>	153,305,000 outstanding share options granted by the Company
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
<b>“SFC”</b>	The Securities and Futures Commission of Hong Kong
<b>“SGM”</b>	the special general meeting of the Company to be convened for the purpose of considering and if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate)
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.25 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Shares

<b>“Specific Mandate”</b>	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription”</b>	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription agreement dated December 9, 2018 entered into between the Company and the Subscriber in relation to the Subscription
<b>“Subscription Price”</b>	HK\$1.25 per Subscription Share
<b>“Subscription Share(s)”</b>	1,000,000,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
<b>“Takeovers Code”</b>	Hong Kong Code on Takeovers and Mergers
<b>“%”</b>	per cent.

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1: HK\$1.24957. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.*

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

Hong Kong, December 9, 2018

*As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Yu Yongfu 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*