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

**VOLUNTARY ANNOUNCEMENT –
STRATEGIC COOPERATION FRAMEWORK AGREEMENT
AND
PROVISION OF FINANCIAL ASSISTANCE**

This is a business update announcement made by Alibaba Pictures Group Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis.

As released on November 9, 2018, the Company has started the Jin-Cheng Co-production Project to successively co-produce and launch a number of high-quality films over the 4 major release periods in the next 5 years. Acting as the lead investor, lead producer and/or lead distributor, the Company will work with top-notch production teams and create opportunities for young directors and screenwriters to produce films to be released during the four major release periods, namely, new year, Chinese new year, summer holiday and the National Day holiday.

In line with the said project, the board of directors of the Company (the “Board”) is pleased to announce that, on January 23, 2019, 北京中聯華盟文化傳媒投資有限公司 (Beijing Asian Union Culture Media Investment Co., Ltd.*) (“Beijing Asian Union”), a consolidated subsidiary of the Company, entered into a strategic cooperation framework agreement (the “Framework Agreement”) and a loan agreement (the “Loan Agreement”) with 華誼兄弟傳媒股份有限公司 (Huayi Brothers Media Corporation*) (“Huayi Brothers”), a third party independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

Pursuant to the Framework Agreement, the parties shall cooperate for a term of 5 years in the following aspects:

- (1) **Cooperation in film & television works of which Huayi Brothers is the lead producer** – Beijing Asian Union and/or its affiliates shall, under the same core commercial conditions, have the priority in: (a) investing in certain film & television works (including but not limited to films, television programmes, advertisements, variety shows/entertainment programmes, radio & television programmes, internet dramas, large-scale internet films, internet variety shows, as well as other video or audio clips publicly

released) in respect of which Huayi Brothers and/or its affiliates play the decisive and leading role in investment, promotion & distribution (deciding on the mainland distributors) (the “Controlled Film & Television Works”); (b) acting as a joint distributor for the marketing and distribution of the Controlled Film & Television Works in respect of which the parties have entered into investment agreements; (c) having priority in the participation in matters relating to the grant of online dissemination rights of the Controlled Film & Television Works by Huayi Brothers and/or its affiliates; and (d) for Controlled Film & Television Works in respect of which the parties have entered into investment and distribution agreements, cooperating with Huayi Brothers and/or its affiliates on matters relating to the online ticketing of such Controlled Film & Television Works. The terms and conditions offered to Beijing Asian Union shall be not less favourable than those offered by Huayi Brothers and/or its affiliates to third parties. In addition, Huayi Brothers and/or its affiliates undertake that they will achieve the target to complete (as the lead producer) and release 10 cinema films within 5 years from the effective date of the Framework Agreement.

- (2) **Cooperation in artiste development** – Beijing Asian Union and/or its affiliates shall cooperate with Huayi Brothers and/or its affiliates in the talent agency business to scout for and build up artists with potentials, with a view to further promoting mutual development and cooperation in the film & television business. Specifics and details of the cooperation shall be determined by the parties following further negotiation.
- (3) **Cooperation in merchandise development of Controlled Film & Television Works** – Beijing Asian Union and/or its affiliates shall, under the same core commercial conditions, have the priority in cooperating with Huayi Brothers and/or its affiliates in the merchandise development of the Controlled Film & Television Works, including but not limited to authorising Beijing Asian Union and/or its affiliates to sub-authorise the rights to develop such merchandise and the joint investment in developing such merchandise. The parties and/or their respective affiliates will provide their resources and/or platforms to support the marketing and sale of such merchandise.
- (4) **Cooperation in marketing services** – Huayi Brothers and/or its affiliates shall, under the same core commercial conditions, make it a priority to use the promotion & distribution services provided by Tao Piao Piao and Beacon, both platforms operated by the Group for the marketing and/or promotion & distribution of the Controlled Film & Television Works.
- (5) **Others** - The parties and/or their respective affiliates will cooperate in other aspects to be agreed in writing.

Pursuant to the Loan Agreement, Beijing Asian Union has agreed to grant a loan of RMB700,000,000 (the “Loan”) to Huayi Brothers for a term of 5 years at the interest rate of the People’s Bank of China 5-year lending base lending rate (such rate being 4.75% per annum as at the date of this announcement, subject to adjustment from time to time). The Loan will be used by Huayi Brothers as the working capital for carrying out its operations within its business scope. Huayi Brothers has agreed to provide various security (including pledge of equity interest in a subsidiary of Huayi Brothers, pledge of rights to receive investment return under a fund, as well as unlimited joint and several guarantees provided by two major shareholders (including their respective associates) of Huayi Brothers) to Beijing Asian Union.

As one of the conditions to the parties' cooperation under the Framework Agreement and the Loan Agreement, Huayi Brothers shall obtain approval from its shareholders at a general meeting.

The Company believes that this cooperation with Huayi Brothers will promote the Jin-Cheng Co-production Project in the coming 5 years, enhance the linkage among upstream and downstream partners in the film industry production chain, reach an even greater audience, create a set of further diversified business opportunities and thereby achieve the goal of enhancing shareholder value.

** For identification purpose only*

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

Hong Kong, January 23, 2019

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.