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

**CONTINUING CONNECTED TRANSACTIONS -
ENTERTAINMENT WORKS COOPERATION FRAMEWORK AGREEMENT**

ENTERTAINMENT WORKS COOPERATION FRAMEWORK AGREEMENT

The Board announces that Shouquanbao, a consolidated subsidiary of the Company, entered into the Entertainment Works Cooperation Framework Agreement with AGH on April 3, 2019 for a term commencing from April 1, 2019 and ending on March 31, 2021, pursuant to which Shouquanbao and any members of Alibaba Group may, subject to the relevant annual caps, enter into specific agreements with respect to the Entertainment Works in the following aspects:

- (1) the grant or transfer of the Rights;
- (2) design or marketing services;
- (3) IP-derivatives commissioned production services;
- (4) IP-derivatives procurement and consignment services;
- (5) embedded advertising services; and
- (6) agency services.

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 Entertainment Works Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the highest annual cap of the total fees payable by Shouquanbao to Alibaba Group and (ii) the highest annual cap of the total fees payable by Alibaba Group to Shouquanbao under the Entertainment Works Cooperation Framework Agreement are more than 0.1% but less than 5%, the entering into of the Entertainment Works Cooperation 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.

ENTERTAINMENT WORKS COOPERATION FRAMEWORK AGREEMENT

Date: April 3, 2019

Parties: (1) Shouquanbao, a consolidated subsidiary of the Company
(2) AGH, a connected person of the Company

Term: two years commencing from April 1, 2019 and ending on March 31, 2021

Types of cooperation and fees

Shouquanbao and Alibaba Group may enter into specific agreements with respect to the Entertainment Works in the following aspects:

(1) *The grant or transfer of the Rights*

Shouquanbao and Alibaba Group may grant or transfer the Rights and the right to sub-grant or sub-transfer such Rights to each other for the Specified Purposes.

Details of the cooperation arrangements, including but not limited to, the contents of the Entertainment Works, term and forms of licensing, amount of fees and payment terms shall be set out in specific agreements after arm's length negotiations between Shouquanbao and the relevant member of Alibaba Group.

The license fees to be paid for the grant or transfer of the Rights and the right to sub-grant or sub-transfer such Rights shall be calculated as follows:

- (a) License fees for the right of developing IP derivative commodities shall be the basic license fees, or sharing of the sales income, or the combination of the basic license fees and sharing of the sales income, where:
- the "basic license fees" shall be the fixed amount of license fees to be determined after arm's length negotiations between the parties with reference to, among others, the popularity and notability of the Entertainment Works, type(s) of derivative commodities to be developed and estimated sales volume; and

- the “sharing of sales income” shall be a proportion of the total income deriving from sales of the derivative commodities which is determined after arm’s length negotiations between the parties with reference to, among others, the popularity and notability of the Entertainment Works, and scope of licensing.
- (b) License fees for the right of marketing or spatial decoration shall be a fixed amount to be determined after arm’s length negotiations between the parties with reference to the fees chargeable by Shouquanbao, Alibaba Group or other parties in the same industry to any independent third party for comparable cooperation.
- (c) License fees payable by Shouquanbao to Alibaba Group for the right to sub-grant or sub-transfer to a third party the Rights shall be a proportion of the license fees receivable by Shouquanbao from such third party after deducting certain expenses agreed by the parties, which is determined after arm’s length negotiations between the parties with reference to, among others, the popularity and notability of the Entertainment Works, and scope of licensing.

(2) *Design or marketing services*

Shouquanbao and any member of Alibaba Group may enter into specific agreements whereby Alibaba Group engages Shouquanbao to provide design, planning, production and marketing services for specific marketing events in connection with the Entertainment Works, and Shouquanbao may outsource relevant work to an independent third party.

The fees payable by the relevant member of Alibaba Group to Shouquanbao in respect of the design or marketing services shall be calculated on the basis of the actual expenses incurred by providing the relevant services by adding a mark-up percentage. The “mark-up percentage” will be determined after arm’s length negotiations between the parties with reference to, among others, the profit margin for comparable services, the required delivery time and overall cooperation scale.

(3) *IP-derivatives commissioned production services*

Shouquanbao and any member of Alibaba Group may enter into specific agreements whereby Shouquanbao and the relevant member of Alibaba Group engage each other to provide product design services or develop derivative commodities in connection with the Entertainment Works.

The fees payable by the relevant member of Alibaba Group to Shouquanbao or payable by Shouquanbao to the relevant member of Alibaba Group in respect of the IP-derivatives commissioned production services shall be calculated on the basis of the actual production costs by adding a mark-up percentage. The “mark-up percentage” will be determined with reference to, among others, the gross profit margin of specific products/commodities, order size and production time required.

(4) *IP-derivatives procurement and consignment services*

Shouquanbao and any member of Alibaba Group may enter into specific agreements whereby (i) Shouquanbao and the relevant member of Alibaba Group may procure from each other derivative commodities in connection with the Entertainment Works, or (ii) Shouquanbao and the relevant member of Alibaba Group may consign each other to sell derivative commodities in connection with the Entertainment Works on its behalf.

The purchase prices for the derivative commodities shall be determined after arm's length negotiations between the parties with reference to the prevailing market prices of the derivative commodities and the purchase volume.

The fees in respect of the consignment services shall be determined after arm's length negotiations between the parties on the basis of the actual expenses incurred by provision of consignment services by adding a mark-up percentage. The "mark-up percentage" will be determined with reference to, among others, the term of cooperation, resources inputted and sales turnover of the relevant derivative commodities.

(5) *Embedded advertising services*

Shouquanbao and any member of Alibaba Group may enter into specific agreements whereby Shouquanbao may provide or facilitate the relevant member of Alibaba Group with the placement of advertising of brands or products of Alibaba Group in the Entertainment Works.

The fees payable by the relevant member of Alibaba Group to Shouquanbao in respect of such embedded advertising services shall be calculated after arm's length negotiations between the parties with reference to the standard rates of charges for comparable services in the same or similar Entertainment Works.

(6) *Agency services*

The relevant member of Alibaba Group may procure Shouquanbao and independent third parties to enter into cooperation agreements with respect to the grant of the Right(s) and the provision of the embedded advertising services in connection with the Entertainment Works. Shouquanbao shall pay to the relevant member of Alibaba Group a proportion of the total fees receivable by Shouquanbao from independent third parties in respect of the aforesaid cooperation as the agency service fees. Such proportion shall be determined by both Shouquanbao and Alibaba Group prior to the commencement of each financial year (from April 1 of a year up to March 31 of the following year), subject to adjustments to be made by the parties upon mutual agreement according to any changes in the cooperation within a particular financial year. The sharing proportion for the financial year ending March 31, 2020 is fixed at 4%. The sharing proportion for the subsequent financial year ending March 31, 2021 shall be determined after arm's length negotiations between the parties with reference to, among others, the quality of the agency services provided by the relevant member of Alibaba Group, the popularity of the corresponding

Entertainment Works and the brand awareness/image of the third-party partners, but, in any event, such proportion shall be in a range of 1.5% to 6.5%.

In any event, all of the above fees chargeable or payable by Shouquanbao to Alibaba Group will not be more favourable to Alibaba Group, nor are they less favourable to Shouquanbao, than those available to or from any independent third party in the same or similar transactions. The Group will from time to time review such fees by comparing them against the fees for comparable cooperation chargeable or payable by the Group to any independent third party.

Payment terms

The fees payable by Shouquanbao to Alibaba Group and the fees payable by Alibaba Group to Shouquanbao shall be settled pursuant to the payment terms set out in the specific agreements to be entered into under the Entertainment Works Cooperation Framework Agreement between the parties.

Annual caps and basis of determination of annual caps

During the financial year ended March 31, 2019, the aggregate fees paid/payable by Shouquanbao to Alibaba Group and the aggregate fees paid/payable by Alibaba Group to Shouquanbao for transactions of the same or similar nature as those contemplated under the Entertainment Works Cooperation Framework Agreement were approximately RMB2,442,000 and RMB994,000 respectively.

The annual caps for the total fees payable by Shouquanbao to Alibaba Group with respect to the transactions contemplated under the Entertainment Works Cooperation Framework Agreement for the two financial years ending March 31, 2020 and March 31, 2021 shall be RMB19,000,000 and RMB24,000,000 respectively.

The above annual caps for the total fees payable by Shouquanbao to Alibaba Group with respect to the transactions contemplated under the Entertainment Works Cooperation Framework Agreement are determined with reference to: i) scale of merchandization with respect to Entertainment Works of similar genres; ii) development and business plans of the working parties; and certain percentage of buffer providing for potential increment of cooperation.

The annual caps for the total fees payable by Alibaba Group to Shouquanbao with respect to the transactions contemplated under the Entertainment Works Cooperation Framework Agreement for the two financial years ending March 31, 2020 and March 31, 2021 shall be RMB11,000,000 and RMB14,000,000 respectively.

The above annual caps for the total fees payable by Alibaba Group to Shouquanbao with respect to the transactions contemplated under the Entertainment Works Cooperation Framework Agreement are determined with reference to: i) historical types of cooperation and pricing models; ii) expected scope of business synergy with the working parties; and certain percentage of buffer providing for potential increment of cooperation.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTERTAINMENT WORKS COOPERATION FRAMEWORK AGREEMENT

As a testimony to its ongoing commitment to the entertainment industry, Alibaba Group operates Youku, one of China's leading online video streaming websites. Youku is expected to be able to keep building up IP potentials, for not only does it retain a large user base through IP-based variety shows and drama series, it also operates business lines such as Alibaba Literature and Alisports. The Group takes the view that the considerable IP resources at Alibaba Group's disposal can expand the scale of IP-based operations for Shouquanbao, and, based on Shouquanbao's own unique advantages in the field of derivative commodities, it is expected that business collaboration between the parties will create upstream-to-downstream synergy for derivative operation and IP commercial realization, promoting shared success for the collaborating parties.

Having reviewed the terms of the Entertainment Works Cooperation Framework Agreement, the then Directors (including the independent non-executive Directors) are of the view that the terms of the Entertainment Works Cooperation Framework Agreement and the relevant annual caps are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and that the entering into of the Entertainment Works Cooperation Framework 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

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 Entertainment Works Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the highest annual cap of the total fees payable by Shouquanbao to Alibaba Group and (ii) the highest annual cap of the total fees payable by Alibaba Group to Shouquanbao under the Entertainment Works Cooperation Framework Agreement, are more than 0.1% but less than 5%, the entering into of the Entertainment Works Cooperation 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 Entertainment Works Cooperation Framework Agreement, the relevant annual caps and the transactions contemplated under the Entertainment Works Cooperation Framework Agreement. 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 Entertainment Works Cooperation Framework Agreement, the relevant annual caps and the transactions contemplated under the Procurement Framework Agreement. Save as aforesaid, none of the

other Directors has a material interest in the Entertainment Works Cooperation Framework Agreement, the relevant annual caps and the transactions contemplated under the Entertainment Works Cooperation Framework Agreement, and therefore none of them has abstained from voting on the said resolutions passed by the Board.

INFORMATION ON THE COMPANY AND SHOUQUANBAO

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.

Shouquanbao, being a company established under the laws of the PRC, is a consolidated subsidiary of the Company which is principally engaged in advertising, sale of entertainment related merchandise and derivatives and operating the Alifish Platform.

INFORMATION ON AGH

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).

The mission of AGH and its subsidiaries is to make it easy to do business anywhere and AGH and its subsidiaries aim to achieve sustainable growth for 102 years. The businesses of AGH and its subsidiaries 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 directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, 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
“Alibaba Group”	AGH and its affiliates
“Ali CV”	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and an indirect wholly-owned subsidiary of AGH
“associate”	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”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“Control”	the power or authority, whether exercised or not, to direct the business, management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors (or similar governing body) of such person; the term “Controlled” has the meaning correlative to the foregoing
“Directors”	the directors of the Company
“Entertainment Works”	include, among others, television dramas, variety shows, documentary programmes, online games and competition events performed or taken part by real persons and animated characters, and images of classical characters

“Entertainment Works Cooperation Framework Agreement”	the cooperation framework agreement entered into between Shouquanbao and AGH on April 3, 2019 for a term commencing from April 1, 2019 and ending on March 31, 2021 in relation to the Entertainment Works
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property
“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
“Rights”	the rights of developing derivative commodities, marketing and spatial decoration with respect to the Entertainment Works
“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
“Shouquanbao”	阿里巴巴授權寶（天津）文化傳播有限公司 (Alibaba Shouquanbao (Tianjin) Culture Communication Co., Ltd.*), a company established in the PRC with limited liability and a consolidated subsidiary of the Company
“Specified Purpose(s)”	(i) the production, sale and promotion of derivative commodities by using elements of the Entertainment Works of the grantor or a party as sub-transferred by the grantor (as the case may be), (ii) the integration of elements of such Entertainment Works with products and brands of the grantee, its working parties or a third party (as the case may be) for marketing purposes, and/or (iii) the renovation or decoration of the grantee's or a third party's (as the case may be) space to enhance its spatial value by using elements of such Entertainment Works
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to this term under the Listing Rules
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“%”	per cent.

** For identification purpose only*

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

Hong Kong, April 3, 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.