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ANNOUNCEMENT IN RELATION TO STRATEGIC COOPERATION AGREEMENT WITH ALIBABA GROUP

This announcement is made by Alibaba Pictures Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

STRATEGIC COOPERATION AGREEMENT WITH ALIBABA GROUP

The board of directors (the “Board”) of the Company is pleased to announce that, on March 14, 2017, the Company entered into a strategic cooperation agreement (the “Strategic Cooperation Agreement”) with Alibaba Group Holding Limited (“Alibaba Group”), the Company’s controlling shareholder, to build the strategic alliance for long term co-development by integrating both parties’ respective resources, on the basis of mutual benefit and reciprocity.

STRATEGIC COOPERATION AGREEMENT

The principal terms of the Strategic Cooperation Agreement are set out as follows:

- Date: March 14, 2017
- Parties: (i) Alibaba Group; and
(ii) the Company
- Principles and objectives: To enable business collaboration and establish a value chain ecosystem for the cultural and entertainment industry, the parties will integrate their respective resources and jointly develop high-quality content projects on the basis of mutual benefit and reciprocity.

- Cooperation contents:
1. Both parties will cooperate closely on the derivative rights of their respective film and television content, including, among others, (i) the Alibaba Group will give priority to the Company for its grant of exclusive rights of the copyright works of its entertainment business (Youku business unit, Alibaba Literature, Alibaba Gaming, etc.) (collectively, “Alibaba Digital Media and Entertainment Matrix”) under the same conditions for cinema film content development, investment, production and distribution, and (ii) the Company will give priority to Youku business unit of Alibaba Digital Media and Entertainment Matrix for its grant of exclusive distribution or investment rights of the information network communication right of its own copyright works under the same conditions;
 2. Both parties cooperate on the promotion and marketing of copyright works related to film and television. Both parties will make full use of their respective online and offline channels to promote the brands and works of the other party and the other party’s partners to achieve synergies and maximize brand benefits;
 3. Youku business unit of Alibaba Digital Media and Entertainment Matrix and the Company propose to establish an artist management company to provide talents for both parties’ film and television and other relevant content production; and
 4. Youku business unit and Alibaba Literature business unit of Alibaba Digital Media and Entertainment Matrix and the Company propose to jointly invest and develop online film projects.

Specific Agreements: Both parties will conduct further negotiations to reach a cooperation framework agreement based on the above cooperation contents and/or to sign specific implementation agreements. The Company will comply with the relevant requirements of the Listing Rules on the signing of the relevant cooperation framework agreement and/or the specific implementation agreements.

Term of cooperation: 3 years or a period commencing from the date of the signing of the Strategic Cooperation Agreement and ending on the date on which both parties reach a framework agreement and/or specific implementation agreements covering the above cooperation contents, whichever occurs earlier.

Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.

On behalf of the Board
Alibaba Pictures Group Limited
Yu Yongfu
Chairman & Chief Executive Officer

Hong Kong, March 14, 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Yu Yongfu, Mr. Zhang Qiang, Ms. Zhang Wei and Mr. Fan Luyuan, 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.