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**POSSIBLE NON-COMPLIANT ACCOUNTING TREATMENT
FOR PRIOR ACCOUNTING PERIODS AND POSSIBLE
INSUFFICIENT PROVISION FOR IMPAIRMENTS**

UPDATE ANNOUNCEMENT

We refer to the announcement of Alibaba Pictures Group Limited (the “Company” and, together with its subsidiaries and variable interest entities, the “Group”) dated August 14, 2014 concerning, among other things, certain possibly non-compliant treatment of financial information in the Company’s financial statements covering periods prior to completion of the share subscription by Ali CV Investment Holding Limited (an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited) of a majority stake in the Company and the update announcement of the Company dated September 22, 2014 (the “September 22 Announcement”).

Following the publication of the September 22 Announcement, PricewaterhouseCoopers Business Consulting (Shanghai) Co. Ltd. (“PwC”) has been conducting an independent inspection and analysis of the Company’s historical financial statements as at and for the financial years ended December 31, 2012 and December 31, 2013 and the six months ended June 30, 2014 (the “Review”) and has reported on its preliminary findings of the Review to the Audit Committee of the Company and then to the board of directors of the Company (the “Board”) on November 12, 2014.

The Company expects to announce the summary of PwC’s findings and recommendations in the week commencing November 17, 2014. It is also expected that, following completion of the Review, the interim results of the Company for the six months ended June 30, 2014 (the “Interim Results”) will be made available to, and considered by, the Audit Committee of the Company and the Board by the end of November 2014 and an announcement regarding the Interim Results will be made as soon as possible thereafter. The Company intends to apply to

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for resumption of trading in its shares on the Stock Exchange once the Interim Results have been announced. The Company will continue to monitor the situation and will update the market as and when appropriate to do so.

By Order of the Board
Alibaba Pictures Group Limited
Shao Xiaofeng
Chairman

Hong Kong, November 14, 2014

As at the date of this announcement, the Board comprises Mr. Shao Xiaofeng, Mr. Liu Chunning and Mr. Zhang Qiang, being the executive directors; and Mr. Li Lianjie, Mr. Tong Xiaomeng and Ms. Zhang Yu, being the independent non-executive directors.