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PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the unaudited revenue of the Group for the six months ended September 30, 2020 will decrease by approximately 35% to 40% from approximately RMB1.5 billion as recorded for the corresponding period last year, while the net loss attributable to owners of the Company will reduce by approximately 55% to 60% from approximately RMB390 million as recorded for the corresponding period last year.

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

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

The board of directors of the Company (the “Board”) wishes to inform shareholders of the Company (the “Shareholders”) and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the unaudited revenue of the Group for the six months ended September 30, 2020 (the “First Half of the 2020/2021 Financial Year”) will decrease by approximately 35% to 40% from approximately RMB1.5 billion as recorded for the corresponding period last year, while the net loss attributable to owners of the Company will reduce by approximately 55% to 60% from approximately RMB390 million as recorded for the corresponding period last year.

The decrease in unaudited revenue for the First Half of the 2020/2021 Financial Year as compared with that for the corresponding period last year was primarily due to the significant decrease of approximately 70% in revenue from the internet-based promotion and distribution segment from approximately RMB1.18 billion as recorded for the corresponding period last year as a result of the outbreak of coronavirus disease 2019 (“COVID-19”); while the significant reduction in net loss attributable to owners of the Company for the First Half

of the 2020/2021 Financial Year as compared with that for the corresponding period last year was primarily due to a significant decrease of approximately 90% in selling and marketing expenses from approximately RMB658 million as recorded for the corresponding period last year.

During the First Half of the 2020/2021 Financial Year, despite facing severe challenges in the industry's overall operating conditions and the market environment arising from the outbreak of COVID-19, the Group retained sufficient cash reserves and adequate inventory of films and TV dramas. Looking ahead, the Group will maintain its focus on building infrastructure for the entire film and TV industry chain, and on enhancing industry-wide digital capabilities. Meanwhile, it will continue to leverage Alibaba Group's ecosystem to realize synergies and economic benefits. Therefore, the Group remains optimistic about the growth of its various business segments for the second half of the 2020/2021 financial year.

The unaudited revenue and expected loss attributable to owners of the Company for the First Half of the 2020/2021 Financial Year as described in this announcement are based only on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and information currently available to the Company. This information has not been audited or reviewed by the auditors or the audit committee of the Company. As the Company is still in the process of finalizing its interim results for the First Half of the 2020/2021 Financial Year (the "2020/2021 Interim Results"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2020/2021 Interim Results will be provided in the Company's 2020/2021 Interim Results announcement, which is expected to be released in mid-to-late November 2020.

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

Hong Kong, October 21, 2020

As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, being the executive Directors; Mr. Xu Hong, being the non-executive Director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.