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PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment by the Board of the latest unaudited consolidated management accounts of the Group, the Group expects to record a year-on-year increase in net loss for the six months ended June 30, 2016.

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 the shareholders of the Company (the “Shareholders”) and potential investors that, primarily as a result of the marketing expenses of Tao Piao Piao (as defined below), the Group expects to record a year-on-year increase in net loss for the six months ended June 30, 2016. Such expenses were mainly incurred for attracting movie-goers to using Tao Piao Piao’s online ticketing platform. Net loss for the six months ended June 30, 2016 is estimated to be in the range of RMB400 million to RMB450 million.

References are made to (i) the announcements of the Company dated November 4, 2015 and December 31, 2015 and the circular of the Company dated December 9, 2015 in relation to, among other things, the acquisition of the online movie ticketing platform (which has been renamed “Tao Piao Piao” since May 16, 2016), and (ii) the announcement of the Company dated May 15, 2016 in relation to the RMB1.7 billion Series A financing for Tao Piao Piao (the “Series A Financing”).

With a post money valuation of RMB13.7 billion on the basis of the Series A Financing, Tao Piao Piao is a key operating asset in the Company’s vertically integrated business model. Since Tao Piao Piao commenced operations, it has incurred material marketing expenses to

implement its business strategies. The proceeds from the Series A Financing are to be used to sustain Tao Piao Piao's operations (including to further enhance user experience) and further strengthen its market position. The Company will continue to monitor and adjust its operational strategy for Tao Piao Piao in light of evolving industry dynamics in what is a competitive and fast developing business segment.

The expected net loss described in this announcement is only based on a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2016 and other information currently available. This information has not been audited or reviewed by the Company's auditors and, as the Company is still in the process of finalizing its interim results for this period, the actual results may differ from what is disclosed in this announcement. Further details of the Company's interim results for the six months ended June 30, 2016 will be provided in the Company's interim results announcement, which is expected to be released before the end of August 2016.

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
Shao Xiaofeng
Chairman

Hong Kong, 22 July 2016

As at the date of this announcement, the board of directors of the Company comprises Mr. Shao Xiaofeng, Mr. Zhang Qiang, Mr. Deng Kangming, Ms. Zhang Wei and Mr. Fan Luyuan, being the executive directors; Mr. Li Lian Jie, being the non-executive director; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive directors.