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**GRANT OF AWARDED SHARES
AND ISSUE OF NEW SHARES UNDER GENERAL MANDATE
PURSUANT TO SHARE AWARD SCHEME**

GRANT OF AWARDED SHARES

The Board announces that on January 18, 2018, the Company granted 18,320,000 Awarded Shares to 23 Selected Employees in accordance with the terms of the Share Award Scheme.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

All of the 18,320,000 Awarded Shares were granted to Grantees who are not connected persons of the Company. New Shares shall be allotted and issued pursuant to the 2017 General Mandate to the Trustee at nominal value pursuant to the terms of the Share Award Scheme in order to satisfy the Awarded Shares granted to the Grantees.

Reference is made to the announcement of Alibaba Pictures Group Limited (the “Company”) dated January 4, 2017 (the “Announcement”) relating to the adoption of the share award scheme by the Company on December 30, 2016 (the “Share Award Scheme”). The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

GRANT OF AWARDED SHARES

The Board announces that on January 18, 2018, the Company granted 18,320,000 Awarded Shares (the “Grant”) to 23 Selected Employees (the “Grantee(s)”) in accordance with the terms of the Share Award Scheme at nil consideration, subject to the acceptance of the Grantees. Each of the Awarded Shares granted to the Grantees represents the right to receive a Share on the date it vests and the Awarded Shares granted are not subject to performance targets.

None of the Grantees is a connected person of the Company and none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE SHARE AWARD SCHEME

In relation to the 18,320,000 Awarded Shares granted to the Grantees, none of whom are connected persons of the Company, new Shares shall be allotted and issued, pursuant to the general mandate (the “2017 General Mandate”) granted by the shareholders of the Company at the annual general meeting of the Company held on June 23, 2017 (the “2017 AGM”), to the Trustee at nominal value pursuant to the terms of the Share Award Scheme. Pursuant to the 2017 General Mandate, the Company can issue and allot a maximum number of 5,046,912,282 Shares (being 20% of the total number of the issued shares of the Company as at the date of the 2017 AGM). Except for (i) the issue of 158,793,500 new Shares as disclosed in the announcement of the Company dated September 1, 2017, (ii) the issue of 76,349,000 new Shares as disclosed in the announcement of the Company dated October 27, 2017 and (iii) the aforementioned issue of 18,320,000 new Shares, no new Share has been issued or allotted under the 2017 General Mandate.

As at the date of this announcement, the Trustee is a third party independent of the Company and its connected persons. The Board shall cause to be paid the subscription money of HK\$4,580,000 for the 18,320,000 new Shares from the Company’s internal resources to the Trustee. Upon the allotment of the 18,320,000 new Shares, the Trustee will hold the said new Shares on trust for the Grantees and will transfer the respective proportions to each of them at no cost upon vesting and settlement of their respective Awarded Shares.

The issue of new Shares to satisfy the 18,320,000 Awarded Shares represents (i) approximately 0.07% of the total issued Shares of the Company as at the date of this announcement; and (ii) approximately 0.07% of the total issued Shares of the Company as enlarged by such allotment and issue.

No new funds will be raised as a result of the aforesaid allotment and issue. Save as disclosed in the announcements of the Company dated September 1, 2017 and October 27, 2017, the Company has not engaged in any fund raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement. The new Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue. Pursuant to the Share Award Scheme, the Trustee shall not exercise the voting rights in respect of such Shares held by it under trust.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 18,320,000 new Shares to be allotted and issued.

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

Hong Kong, January 18, 2018

As at the date of this announcement, the Board comprises Mr. Fan Luyuan, Mr. Yu Yongfu and Ms. Zhang Wei, being the executive directors; Mr. Shao Xiaofeng and Mr. Li Lian Jie, being the non-executive directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive directors.