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## **PROFIT WARNING**

This announcement is made by Alibaba Pictures Group Limited (the “Company” and, together with its subsidiaries and variable interest entities, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the interim results announcement of the Company published on December 19, 2014 whereby it was announced that the Group recorded net loss of HK\$446,515,000 for the six months ended June 30, 2014 (the “2014 Interim Results Announcement”). Further to the 2014 Interim Results Announcement, the board of directors of the Company (the “Board”) wishes to inform shareholders and potential investors of the Company that, based on the preliminary assessment of the available unaudited financial information of the Group for the year ended December 31, 2014, the Group is expected to record a substantial loss of not more than HK\$600 million for the year ended December 31, 2014 as compared to a profit of HK\$235 million (restated) for the corresponding year in 2013.

This loss for the full year 2014 is mainly attributable to the following factors:

- (i) a significant drop in revenue for the year ended December 31, 2014 as compared to 2013;
- (ii) asset impairment provisions and fair value change in warrants in the six months ended June 30, 2014 in the amount of approximately HK\$393 million, as disclosed in the 2014 Interim Results Announcement;
- (iii) decrease in gain from disposal of a subsidiary in the year ended December 31, 2014 as compared to 2013; and
- (iv) decrease in gain from sales of art works in the year ended December 31, 2014 as compared to 2013.

Revenue for the year ended December 31, 2014 is expected to decrease significantly when compared to revenue recorded for the corresponding year in 2013. This decline is mainly attributable to (i) delay in distribution of certain TV drama series which were scheduled for distribution in 2014; (ii) cancellation/delay of certain motion pictures which were scheduled for production/distribution in 2014; and (iii) decrease in magazine advertising and distribution revenue as a combined result of the downturn in the magazine industry and personnel changes in the operation team.

The expected decline in revenue and the substantial loss referred to in this announcement have not been audited or reviewed by the Company's auditor or the Company's audit committee and are only preliminary assessments by the Board with reference to currently available information. Further details of the Group's financial information will be disclosed in the annual results announcement, which will be published in due course pursuant to the requirements of the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

On behalf of the Board  
**Alibaba Pictures Group Limited**  
**Shao Xiaofeng**  
*Chairman*

Hong Kong, January 26, 2015

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