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PLACING OF NEW SHARES UNDER GENERAL MANDATE

AND

RESUMPTION OF TRADING

Placing Agents



Morgan Stanley

PLACING

The Board is pleased to announce that on June 3, 2015, the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing for an aggregate of 4,199,570,000 Shares at the Placing Price of HK\$2.90 per Placing Share (exclusive of brokerage).

The Placing Price of HK\$2.90 per Placing Share (exclusive of brokerage) represents (i) a discount of approximately 19.89% to the closing price of HK\$3.62 per Share as quoted on the Stock Exchange on June 1, 2015, being the day before the last trading day prior to the publication of this announcement; and (ii) a discount of approximately 12.86% to the average closing price of HK\$3.33 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including June 1, 2015.

The Placing Shares represent approximately 19.96% of the total existing issued share capital of the Company as at the date of this announcement, and approximately 16.64% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

On the assumption that all Placing Shares are placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$12,178.8 million and the aggregate net proceeds (after deduction of the commissions and expenses relating to the Placing) from the Placing are expected to be approximately HK\$12,115.8 million. The Company intends to use the net proceeds from the Placing for general working capital purposes and to finance potential acquisitions arising out of media related investment opportunities that may arise in the future. As of the date of this announcement, save as previously disclosed, the Company has not identified any specific acquisition targets.

The Placing Shares will be allotted and issued under the General Mandate.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company on June 2, 2015. At the request of the Company, trading in the Shares was halted from 9:00 a.m. on June 2, 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on June 4, 2015.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: June 3, 2015

Parties: (i) The Company, and
(ii) The Placing Agents

PLACING

The Company has appointed each of the Placing Agents, and each of the Placing Agents has agreed, to act as agent, severally, for the Company to procure purchasers for the Placing Shares at the Placing Price (together with brokerage payable by the purchasers) pursuant to the Placing Agreement.

The Company shall issue and deliver the Placing Shares on the terms and subject to the conditions of the Placing Agreement. The Placing Shares will be allocated to no fewer than six independent professional, institutional and /or individual investors.

NUMBER OF PLACING SHARES

The Placing Shares comprise up to 4,199,570,000 new Shares to be allotted and issued by the Company to no fewer than six Placées. The Placing Shares represent approximately 19.96% of the total existing issued share capital of the Company as at the date of this announcement and approximately 16.64% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,049,892,500.

PLACING PRICE

The Placing Price of HK\$2.90 per Placing Share (exclusive of brokerage) represents:

- (i) a discount of approximately 19.89% to the closing price of HK\$3.62 per Share as quoted on the Stock Exchange on June 1, 2015, being the day before the last trading day prior to the publication of this announcement;
- (ii) a discount of approximately 12.86% to the average closing price of HK\$3.33 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including June 1, 2015.

The net Placing Price (after deduction of the commissions and expenses relating to the Placing and exclusive of brokerage) is approximately HK\$2.89 per Placing Share.

The Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agents, was determined by reference to, among other things, the above recent trading prices of the Shares and the current market conditions. The Directors (including independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INDEPENDENCE OF THE PLACING AGENTS AND THE PLACEES

To the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, each of the Placing Agents is independent of the Company and its subsidiaries and is not a connected person of the Company.

To the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, the Placees (and their ultimate beneficial owners) are independent of the Company and its subsidiaries and are not connected persons of the Company.

It is not expected that any of the individual Placees will become a Substantial Shareholder of the Company immediately after the completion of the Placing.

CONDITIONS OF THE PLACING

Completion of the Placing is conditional upon the fulfilment or waiver of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares);
- (b) the delivery of a legal opinion by the legal counsel of the Company as to Bermuda law, addressed to the Company and the Placing Agents and in a form and substance satisfactory to the Placing Agents; and
- (c) the delivery of a legal opinion by the legal counsel of the Company as to PRC law, addressed to the Company and in a form and substance satisfactory to the Placing Agents.

If the conditions to the Placing are not fulfilled or waived on or prior to 8:00 a.m. (Hong Kong time) on the Closing Date or such later time as may be agreed between the Company and the Placing Agents, the obligations and liabilities of the Placing Agents and the Company in connection with the Placing shall be null and void and neither the Company nor the Placing Agents shall have any claim against the other for costs, damages, compensation or otherwise.

TERMINATION

The Placing Agreement may be terminated by the Placing Agents upon the occurrence of customary force majeure and termination events and is subject to reduction in the number of Placing Shares if any of the Placees fail to make payment before the Closing Date.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

COMPLETION OF THE PLACING

Subject to the satisfaction of the conditions to the Placing, completion of the Placing shall take place on the Closing Date or as soon as practicable thereafter or such other time and/or date as the Placing Agents and the Company may agree in writing.

LOCK-UP UNDERTAKING

The Company has undertaken to each of the Placing Agents that for a period commencing on the date of the Placing Agreement and ending on the 90th day after the Closing Date, the Company will not, except for the Placing Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any outstanding subscription warrants or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its bye-laws, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of each of the Placing Agents (not to be unreasonably withheld or delayed).

Ali CV, the Company's Controlling Shareholder, has undertaken to each of the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing Agreement) for a period commencing on the date of the Placing Agreement and ending on the 90th day after the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Placing Shares) or any interests therein beneficially owned or held by Ali CV or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above

is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) or (ii) above or (iv) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of each of the Placing Agents (not to be unreasonably withheld or delayed).

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Placing Agreement and immediately after completion of the Placing on the Closing Date:

Substantial Shareholder	As at the date of this announcement		Immediately after issue of the Placing Shares	
	No. of Shares	Percentage of issued share capital (%)	No. of Shares	Percentage of issued share capital (%)
Ali CV (Note 1)	12,828,256,866	60.99	12,828,256,866	50.84
AIL (Note 2)	12,828,256,866	60.99	12,828,256,866	50.84
AGHL (Note 2)	12,828,256,866	60.99	12,828,256,866	50.84
Zhao Chao (Note 3)	12,828,256,866	60.99	12,828,256,866	50.84
Other Public Shareholders	8,206,734,544	39.01	12,406,304,544	49.16
Total	21,034,991,410	100.00	25,234,561,410	100.00

Note 1: This represents (i) the interests in 331,288,020 Shares held by Mr. Zhao Chao through his controlled corporation, Basic Charm Investment Limited which was wholly owned by Rainstone International Limited in which Mr. Zhao Chao maintained 100% beneficial interest; (ii) the interests in 8,910,000 Shares held by Mr. Zhao Chao as beneficial owner; and (iii) the interests in 12,488,058,846 Shares held by Ali CV as beneficial owner. As of the date of this Announcement, Mr. Zhao Chao was a party acting in concert with Ali CV and thus, Ali CV was deemed to be interested in 340,198,020 Shares held by Mr. Zhao Chao.

Note 2: This represents (i) the interests in 331,288,020 Shares held by Mr. Zhao Chao through his controlled corporation, Basic Charm Investment Limited which was wholly owned by Rainstone International Limited in which Mr. Zhao Chao maintained 100% beneficial interest; (ii) the interests in 8,910,000 Shares held by Mr. Zhao Chao as beneficial owner; and (iii) the interests in 12,488,058,846 Shares held by Ali CV as beneficial owner. As of the date of this Announcement, Ali CV was wholly owned by AGHL, through its controlled corporation, AIL. Accordingly, AGHL and AIL were deemed to have the same interest held by Ali CV.

Note 3: This represents (i) the interests in 331,288,020 Shares held by Mr. Zhao Chao through his controlled corporation, Basic Charm Investment Limited which was wholly owned by Rainstone International Limited in which Mr. Zhao Chao maintained 100% beneficial interest; (ii) the interests in 8,910,000 Shares held by Mr. Zhao Chao as beneficial owner; and (iii) the interests in 12,488,058,846 Shares held by Ali CV as beneficial owner. As of the date of this Announcement, Mr. Zhao Chao was a party acting in concert with Ali CV and thus, Mr. Zhao Chao was deemed to be interested in 12,488,058,846 Shares held by Ali CV.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued by the Company pursuant to the General Mandate, under which the Directors are authorized to allot and issue up to 4,199,576,282 new Shares. As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

CORPORATE APPROVALS

The Company has obtained all necessary corporate approvals, being the General Mandate and the relevant Board approval. The Placing is not subject to the approval of the Shareholders.

RANKING

The Placing Shares, when issued and fully paid, will rank pari passu in all respects with the existing Shares in issue as at the Closing Date including the right to receive all dividends and distributions declared, made or paid on or after the Closing Date.

REASONS FOR AND BENEFITS OF THE PLACING

The Directors consider that the Placing represents an opportunity to raise capital for the Company for its business development and to broaden the Shareholder base of the Company.

USE OF PROCEEDS

On the assumption that all Placing Shares are placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$12,178.8 million and the aggregate net proceeds from the Placing, after deducting the commission and expenses of the Placing, are expected to be approximately HK\$12,115.8 million. The Company intends to use the net proceeds from the Placing for general working capital purposes and to finance potential acquisitions arising out of media related investment opportunities that may arise in the future. As of the date of this announcement, save as previously disclosed, the Company has not identified any specific acquisition targets.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, there has not been any fund raising activities involving the issue of equity securities of the Company in the 12 months preceding the date of this announcement.

Date of initial announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
June 13, 2014	Conversion of convertible note	HK\$30,000,000	General working capital	Use as intended
June 25, 2014	Issue of subscription shares pursuant to the subscription agreement dated March 8, 2014	RMB4,951,075,000	General working capital and/or for investments when opportunities arise	Approximately RMB70,325,000 has been used for investments in the Group's films and TV series, approximately RMB52,485,000 has been used for the Group's operating expenses and the remaining RMB4,828,265,000 of the net proceeds has not yet been utilized.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company on June 2, 2015. At the request of the Company, trading in the Shares was halted from 9:00 a.m. on June 2, 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on June 4, 2015.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below shall have the following meanings:

“AGHL”	Alibaba Group Holding Limited
“AIL”	Alibaba Investment Limited
“Ali CV”	Ali CV Investment Holding Limited
“Board”	the board of Directors
“Business Day”	means any day (excluding a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Closing Date”	means June 11, 2015, or such other date as the Company and the Placing Agents may agree in writing
“Company”	Alibaba Pictures Group Limited (阿里巴巴影業集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange, which also has a secondary listing on the Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate for the Company granted by the Shareholders at the annual general meeting of the Company held on June 27, 2014 to allot, issue and otherwise deal with additional Shares not exceeding 20% of the aggregate nominal amount of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	professional, institutional or other investor(s) subscribing for the Placing Shares pursuant to the Placing Agreement
“Placing”	placement of Placing Shares pursuant to the Placing Agreement
“Placing Agents”	Credit Suisse (Hong Kong) Limited and Morgan Stanley & Co. International plc
“Placing Agreement”	the placing agreement entered into on June 3, 2015 between the Company and the Placing Agents in respect of the Placing
“Placing Price”	the price payable for the Placing Shares at HK\$2.90 per Share
“Placing Shares”	means an aggregate of up to 4,199,570,000 new Shares to be allotted and issued by the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of nominal value of HK\$0.25 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, June 4, 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.