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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, it is expected that the Group will record net loss in the range of RMB950 million to RMB1 billion for the year ended December 31, 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).

Reference is made to the interim results announcement of the Company published on August 26, 2016 whereby it was announced that the Group recorded net loss of approximately RMB465.7 million for the six months ended June 30, 2016 (the “2016 Interim Results Announcement”). Further to the 2016 Interim Results Announcement, the board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the Group will record net loss in the range of RMB950 million to RMB1 billion for the year ended December 31, 2016 as compared to a profit of approximately of RMB466.0 million for the year ended December 31, 2015.

The Group’s overall bottom line result for 2016 was primarily impacted by the marketing expenses of Tao Piao Piao (the Group’s online ticketing platform), which were incurred to increase its market share. Tao Piao Piao, a key operating asset in the Group’s internet-based promotion and distribution segment, raised RMB1.7 billion from a number of strategic investors in May 2016. It continued to utilize its financial resources to implement its marketing strategies in order to grow its business, and has further enhanced its user experience and strengthened its market position by the end of 2016.

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 year ended December 31, 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 annual results for the year ended December 31, 2016 ("2016 Annual Results"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2016 Annual Results will be provided in the Company's 2016 Annual Results announcement, which is expected to be released before the end of March 2017.

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On behalf of the Board
Alibaba Pictures Group Limited
Yu Yongfu
Chairman & Chief Executive Officer

Hong Kong, February 17, 2017

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