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**POSSIBLE NON-COMPLIANT ACCOUNTING TREATMENTS
FOR PRIOR ACCOUNTING PERIODS AND POSSIBLE
INSUFFICIENT PROVISION FOR IMPAIRMENTS
DELAY IN PUBLICATION OF INTERIM RESULTS
POSSIBLE DELAY IN DESPATCH OF INTERIM REPORT
AND
SUSPENSION OF TRADING**

This announcement is made by Alibaba Pictures Group Limited (the “Company”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities 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).

Possible non-compliant accounting treatments for prior accounting periods and possible insufficient provision for impairments

Following the subscription by Ali CV Investment Holding Limited (an indirectly wholly-owned subsidiary of Alibaba Group Holding Limited) of a majority stake in the Company (the “Subscription”), a new board of directors of the Company (the “Board”) was constituted and new management was appointed by the Board. The new Board and management team are instituting changes to the Company’s policies and procedures that reflect a strong commitment to transparency, good corporate governance and investor protection.

The new management has undertaken an initial review of the Company's financial and business affairs. The Board would like to inform the Company's shareholders and potential investors that, during this review, the new management has identified certain possibly non-compliant treatment of financial information in the Company's accounting records covering periods prior to completion of the Subscription. In addition, on the basis of the initial review, the new management is of the preliminary view that insufficient provision for impairments of certain assets for the six months ended 30 June 2014 is likely to have been made.

The Company is not yet in a position to comment on the potential impact on its current and historical financial affairs of the matters described above. The Board's audit committee has therefore begun a further inquiry into the matters concerned, in accordance with an action plan approved by the Board to determine the cause, impact and extent of the relevant issues. It is currently uncertain how long the further inquiry will take.

Delay in publication of interim results and interim report

Under Rule 13.49(6)(b) of the Listing Rules, the Company is required to publish its interim results for the six months ended 30 June 2014 not later than two months following the end of the half-year accounting period (i.e. 31 August 2014). Due to the additional time required by the audit committee to complete their further inquiry and for any necessary adjustments to the interim results of the Company to be made, the Board has concluded that the Company will be unable to publish its interim results by this deadline.

Under Rule 13.48(1) of the Listing Rules, the Company is also required to publish an interim report in respect of the first six months of the 2014 financial year not later than three months following the end of that period of six months (i.e. 30 September 2014). Due to the delay in publication of the interim results for the period, the publication of the interim report is also likely to be delayed.

The Company will endeavour to publish both the above-mentioned interim results and interim report as soon as possible following completion of the audit committee's further inquiry. The Company is unable at this stage to confirm when this is likely to be.

Suspension of trading

In light of the possible non-compliant accounting treatments and possible insufficient provision for impairments identified by the Company's new management and the delay in publication of the Company's interim results, at the request of the Company, trading in the Company's shares shall be suspended from 9:00 a.m. on 15 August 2014 until further notice.

Additional announcements as to the further inquiry's progress and the dates for publication of the Company's interim results and interim report will be made in due course in order to keep the shareholders and the investing public duly informed. The new Board believes that the actions it has taken are consistent with its commitment to transparency, good corporate governance and investor protection.

By Order of the Board
Alibaba Pictures Group Limited
Shao Xiaofeng
Chairman

Hong Kong, 14 August 2014

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