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PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the net loss attributable to owners of the Company to be recorded by the Group for the financial year ended March 31, 2020 will range between RMB1,100 million and RMB1,200 million, compared with a similar loss of approximately RMB254 million for the financial year ended March 31, 2019. The significant increase in the aforesaid loss was primarily due to the complicated difficulties in pursuing profitable operation faced by the entertainment industry in mainland China since 2019 and the significant decrease in the Group's revenue in the fourth quarter of the 2019/2020 Financial Year as a result of the outbreak of COVID-19, as well as the substantial impairment provisions made by the Group for certain receivables and investment project(s) during the 2019/2020 Financial Year.

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(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "Board") wishes to inform shareholders of the Company (the "Shareholders") and potential investors that, based on its preliminary assessment of the latest unaudited consolidated management accounts of the Group, it is expected that the net loss attributable to owners of the Company to be recorded by the Group for the financial year ended March 31, 2020 (the "2019/2020 Financial Year") will range between RMB1,100 million and RMB1,200 million, compared with a similar loss of approximately RMB254 million for the financial year ended March 31, 2019.

Since 2019, the entertainment industry in mainland China has faced complicated difficulties in pursuing profitable operation. The outbreak of coronavirus disease ("COVID-19") in early 2020 has resulted in a significant decrease in the Group's revenue in the fourth quarter of the 2019/2020 Financial Year and brought additional uncertainty in the overall operating

environment of the industry. Most companies in the industry are exposed to the pressure arising from these factors. As a result, many of the Group's cooperative partners are facing operating difficulties and risks of disrupted capital chain. Under such circumstances, the Group's receivables and investment project(s) on its books are subject to recovery risk. After prudent consideration and assessment by the management of the Company, and based on the principle of showing greater discipline and discretion for the benefit of the Shareholders, the Group has made substantial impairment provisions of approximately RMB800 million for certain receivables and investment project(s) for the 2019/2020 Financial Year.

During the 2019/2020 Financial Year, despite the impacts arising from the slowdown of operation across the industry and the outbreak of COVID-19, the Group has adequate inventory of films and TV dramas and sufficient cash reserves. Therefore, the management of the Company believes that making impairment provisions for certain receivables and investment project(s) during the 2019/2020 Financial Year will not have impact on the Group's ability to continue as a going concern. It remains optimistic on the operations in each segment of the Group for the financial year ending March 31, 2021 through further collaboration with the digital media and entertainment business group of Alibaba Group Holding Limited ("AGH", together with its subsidiaries, "Alibaba Group") since the beginning of this financial year. Looking ahead, in addition to maintaining its focus on building infrastructure for the entire film and TV industry chain, and on enhancing industry-wide digital capabilities, the Group will also make greater efforts in the creation and composition of its comprehensive entertainment contents. Meanwhile, it will continue to leverage Alibaba Group's ecosystem to realize synergy and economic effect, hence creating greater value for the Shareholders.

The expected loss attributable to owners of the Company for the 2019/2020 Financial Year described in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the Company. This information has not been audited or reviewed by the auditors or the audit committee of the Company. As the Company is still in the process of finalizing its final results for the 2019/2020 Financial Year (the "2019/2020 Final Results"), the actual results may differ from what is disclosed in this announcement. Further details of the Company's 2019/2020 Final Results will be provided in the Company's 2019/2020 Final Results announcement, which is expected to be released in late May 2020.

Shareholders and potential investors should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.

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

Hong Kong, April 9, 2020

As at the date of this announcement, the Board comprises Mr. Fan Luyuan and Mr. Meng Jun, being the executive Directors; Mr. Chang Yang and Mr. Xu Hong, being the non-executive Directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.