



Cainiao Network Overview (As of September 2016)

Who We Are

- Cainiao Network Technology Co., Ltd (“Cainiao”), founded by an Alibaba-led consortium in 2013, is a 47%-owned logistics affiliate of Alibaba Group.
- We take a collaborative approach to logistics. Our innovative data platform drives efficiency in China’s logistics industry by connecting e-commerce companies with players along the logistics chain to enable end-to-end solutions.
- Our goal is to realize delivery anywhere in China within 24 hours, and across the globe within 72 hours.

Platform Approach

- In China, an average of 57 million packages were delivered each day in 2015 (U.S. average 35 million), a figure expected to increase to 145 million by 2020. An Internet-connected logistics platform has obvious advantages over the traditional logistics model, and can provide more effective solutions to meet the fast-growing logistics demand prompted by the explosive growth in e-commerce.
- Our platform integrates existing industry logistics resources and empowers connected partners with data products and services. Merchants and consumers alike can benefit from this enhanced logistics efficiency.

Key Metrics (As of August 2016)

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|  | The delivery network covers 224 countries and regions globally and 2,800 districts and counties in China |  | It processes the data for 70% of all the packages in China – an average of 42 million per day |
|  | Collaboration with more than 90 domestic and international partners |  | The network employs more than 2 million delivery and warehouse personnel, with 230,000 vehicles and 180,000 delivery stations |
|  | The warehouse network covers 250 cities; 200 warehouses are equipped with a smart storage system |  | The network receives more than 800 million daily delivery status updates on its data platform |

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|  | <p>Uses big data to increase smart routing accuracy for over 99% of packages</p> |  | <p>Delivered 467 million packages for Single's Day in 2015, an increase of 68% YOY</p> |
|  | <p>Same-day and next-day delivery in more than 700 districts and counties</p> |  | <p>Big data-led reduction in average package delivery time across China, from 3.1 days in 2014 to 2.6 days in 2015</p> |

Our Role as Infrastructure of Commerce for Alibaba

Cainiao's cross-border logistics solutions are primarily focused on serving merchants on Alibaba's marketplaces, including the outbound AliExpress and Taobao International, on which products are shipped overseas from China, and the inbound platform Tmall Global, on which overseas products are shipped to China.

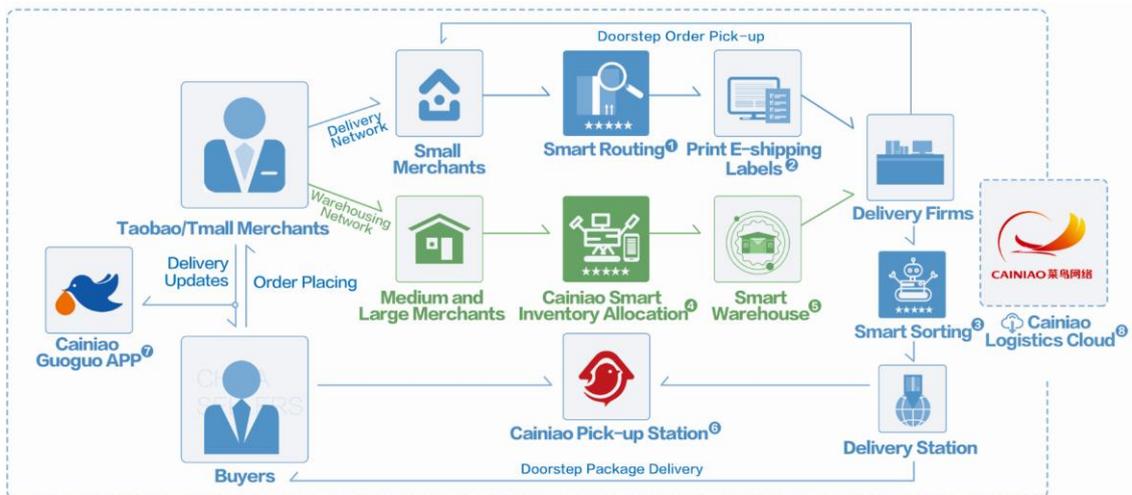
Through its big-data technology, Cainiao also helps Alibaba extend its e-commerce network across China's vast rural area and population.

Our position as a logistics ecosystem empowered by data and collaboration makes Cainiao a unique solution to enhancing the efficiency of China's logistics network, benefiting domestic and global merchants and consumers alike.

What We Do

Cainiao has adopted a new approach to logistics. Our collaborative platform spans delivery, warehouse, pick-up, rural and cross-border logistics. The platform connects partners, enables data collection and empowers a more efficient service that benefits both the collaborating parties and end-users.

Delivery and Warehouse Network



- ① Real-time recommendation to merchants on the best delivery option;
- ② E-shipping labels for easy package identification and tracking;
- ③ Smart sorting provides delivery firms with the best route option;
- ④ Based on past sales data, smart inventory allocation helps merchants stock up products in the nearest warehouse;
- ⑤ Cainiao partners' smart warehouses enhance efficiency in packaging and despatching;
- ⑥ Cainiao pick-up stations provide the last-mile delivery solution;
- ⑦ Cainiao Guoguo App provides one-stop order placing, package tracking and other logistics services;
- ⑧ Cainiao collects data throughout the logistics chain and share it with partners on its cloud platform;

1. Delivery

Platform: Collaborating with the top 15 delivery firms in China, including SF Express, Shentong Express, YTO Express, ZTO Express and Yunda, Cainiao has established a data platform that processes an average of 4.2 million packages each day, or 70% of the total deliveries in China.

Data: By feeding them real-time information, Cainiao allows small merchants to choose from a pool of delivery firms that can provide the most efficient delivery option. At the same time, Cainiao's smart routing and sorting service reduces firms' delivery errors by 40%.

2. Warehouses

Platform: Cainiao offers smart storage capabilities to 200 network warehouses and collaborates with over 40 domestic partners, including Suning and RRS.

Data: Cainiao provides integrated warehousing services to large merchants such as P&G and Walch, increasing their inventory turnover rate. In our Smart Warehouses, product packaging can be completed in an average of three minutes.

Cainiao and its partners formed the Cainiao Alliance in March 2016. With an enhanced warehousing and delivery network, we have introduced same-day and next-day delivery services to more than 700 districts and counties in China (as of July 2016).

3. Pick-up stations

Platform: Cainiao has established a community-based pick-up network in collaboration with individuals, convenience stores, chain stores and colleges, to complement last-mile delivery. We have over 40,000 pick-up stations across China, including 2,000 campus pick-up stations, covering more than 1,500 colleges (as of August 2016).

Data: Our Cainiao Guoguo app, introduced in 2016, provides consumers with a one-stop package tracking and order-placing platform. The service connects consumers to 15 major delivery firms in China, incorporating 200,000 professional delivery personnel into its network (as of August 2016).

4. Rural

Platform: Rural logistics is fundamental for Cainiao as it facilitates e-commerce and improves connectivity across China's vast countryside. Our delivery network covers 20,000 villages (as of August 2016) and we plan to set up 1,000 county-level operating centers and 100,000 village-level service stations. Our goals are to provide home delivery in rural areas for customers, small and medium enterprises and e-commerce platforms; to help villagers sell their produce more widely; and to provide after-sales service for rural customers.

5. Cross-border

Bonded Import Logistics



AliExpress Export Logistics



Platform: Cainiao provides highly efficient one-stop cross-border storage and delivery services. We work with over 50 global partners, including Singapore's SingPost, Royal Mail in the U.K. and the United States Postal Service. Our extended logistics network covers 224 countries and regions, with 110 cross-border warehouses and a daily processing capacity of four million orders. Following Alibaba Group's acquisition of Southeast Asia-based e-commerce platform Lazada, Cainiao is integrating these logistics resources and empowering them through the Cainiao big-data network.

Data: Cainiao provides one-stop cross-border logistics services, enhancing the efficiency and effectiveness of order pickup, storage, transportation scheduling, customs clearance and delivery. Cainiao provides bonded import logistics for Tmall Global by offering the best bonded customs system connection in China. Through AliExpress’s smart sorting service, China-based merchants have a trusted solution for efficiently sending their products to customers all over the world.

Our Core Data Products

- **Electronic shipping labels:** Electronic shipping labels that store information on merchant and buyer, delivery firm and route were introduced in May 2014, increasing delivery efficiency by 30%.
- **Four-level address database:** The four-level address database keeps recipients’ address records down to the village and street name level, greatly enhancing route-planning efficiency and delivery accuracy.
- **Logistics alert radar:** The system releases a warning to help delivery firms deploy resources to cope with spikes in orders, especially during the Double Eleven and Double Twelve festivals.
- **Logistics cloud:** Cainiao is the first cloud-based logistics platform in China. It collects data, offers a wide range of smart products, and links delivery firms to all parties involved in the logistics process. The cloud-based platform is not only more cost-effective but also more resilient, offering scalability during public holidays and festive periods when delivery orders drastically increase.

Key Milestones

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| May 28, 2013 | Cainiao is inaugurated in Shenzhen. |
| May 2014 | Enters into strategic alliance with 13 delivery firms in China to jointly establish a big-data logistics platform. |
| June 2014 | Forms strategic alliance with China Post. |
| July 2015 | Alibaba increases investment in Singapore Post. Cainiao forms strategic alliance with Singapore Post. |
| September 2015 | Forms strategic alliance with the U.S. Postal Service. |
| October 2015 | Begins collaboration with the U.K.’s Royal Mail. |
| December 2015 | Launches the first cloud-based logistics platform in China. |
| January 2016 | <ul style="list-style-type: none"> ● Signs MoU with Spanish Post to form a strategic alliance. ● Completes a RMB10 billion round of financing from top sovereign fund investors including Singapore's GIC and Temasek, Malaysia's Khazanah Nasional Berhad and China's Primavera Capital Group. |
| March 2016 | Forms the Cainiao Alliance with partners to jointly improve e-commerce logistics in China. |
| July 2016 | Invests in cross-border e-commerce logistics service provider 4PX. |
| August 2016 | Establishes a business alliance with Nippon Express to provide direct delivery (freight gathering) to China for Japanese products purchased on Tmall Global. |

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