

FOR IMMEDIATE RELEASE

Alibaba, Bailian Group Announce New Retail Strategic Partnership

Jointly explore development opportunities across each other's ecosystem

Shanghai, February 20, 2017 – Alibaba Group Holding Limited (NYSE: BABA) and China's leading retailer Bailian Group announced today the formation of a strategic partnership to explore new forms of retail opportunities across each other's ecosystems. The companies will leverage the power of big data to achieve integration between offline stores, merchandise, logistics and payment tools with the ultimate aim of elevating efficiency and overall consumer experience.

The signing of the strategic cooperation agreement between Alibaba Group CEO Daniel Zhang and Bailian Chairman & President Ye Yongming took place in Shanghai. Zhou Bo, Executive Vice Mayor of Shanghai Municipal Government and Alibaba Executive Chairman Jack Ma witnessed the signing.

Headquartered in Shanghai, Bailian is one of China's largest and most established retail conglomerates with more than 4,700 outlets across 25 provinces, 200 cities and autonomous regions in China.

Daniel Zhang, CEO of Alibaba Group said, "New retail reimagines the relationship between consumers, merchandise and retail space by leveraging mobile Internet and big data. It will upend the traditional manufacturing and supply chain, the connection between merchant and consumer, as well as the overall consumer experience. Businesses will increasingly embrace big data and new innovations to better identify, reach, analyze and serve their customers, and their digital transformation will be empowered by Alibaba's ecosystem. Our partnership with Bailian is an important milestone in the evolution of Chinese retail, where the distinction between physical and virtual commerce is becoming obsolete."

Ye Yongming, Chairman of Bailian Group said, "A new consumer era calls for a new retail approach. Traditional commerce needs to embrace innovation and change to thrive if they are to ride atop this new consumption trend. New retail is not just the convergence of online and offline worlds. It also means we need to be able to leverage technologies such as the Internet of Things, AI and big data to provide consumers with new and immersive shopping experiences across channels and product categories anytime and anywhere. It is with this shared vision that our companies have joined forces in this strategic partnership to redefine commerce and reshape the retail industry."

Under the agreement, the cooperation will include:

- New retail outlet design: jointly design cross channel store operation and ordering systems to enable real time service solutions for customers at physical stores;
- New retail technology R&D: joint R&D in new retail technology in areas such as artificial intelligence, Internet of Things, and big data;
- Customer Relationship Management: integrate both companies' membership base to enhance customer service capability through technologies such as geolocation, facial recognition and big-data driven sales and customer management systems;
- Supply chain management: the companies will combine resources in customer insight and supplier channels to help improve merchandise selection and reduce cost;
- Payment: Alipay will be made available at all Bailian stores, while Bailian's payment tools Safepass and Bailian OK Card will be integrated with Alipay to provide a unified third-party payment solution for consumers;
- Logistics: Bailian Logistics to work with Alibaba on Cainiao's logistics platform and co-develop logistics rules to enhance services for both consumers and merchants

The partnership with Bailian is the latest milestone in the development of new retail. Alibaba has coined the term “New Retail” to describe a world where the distinction between online and offline commerce becomes obsolete, as Internet users continue to migrate to mobile devices from desktop computers. Under the new retail model, traditional brick and mortar retailers will be offered the tools to transform their way of connecting with consumers, and improve efficiencies in their inventory and distribution network, as well as payment and logistics systems to provide seamless consumer experience both online and offline consumers.

Consumers in China engage in commerce activities from anywhere at any time with the help of mobile phones. With its big data capability and a mobile monthly active user base of close to 500 million, Alibaba is well placed to enable traditional retailers to upgrade to the new retail model.

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About Alibaba Group

Alibaba Group's mission is to make it easy to do business anywhere. The company aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a company that lasts at least 102 years.

About Bailian Group

Bailian Group is a leading state-owned enterprise in Shanghai, and one of China's largest retail conglomerates. It has operations in more than 200 Chinese cities with 4,700 outlets and 68,000 employees. Launched in 2016, Bailian's Omni-Channel Platform “bl.com” & “iBailian App” has grown quickly leveraging Bailian's membership base of 21 million to provide seamless and round-the-clock service to consumers online and offline.

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