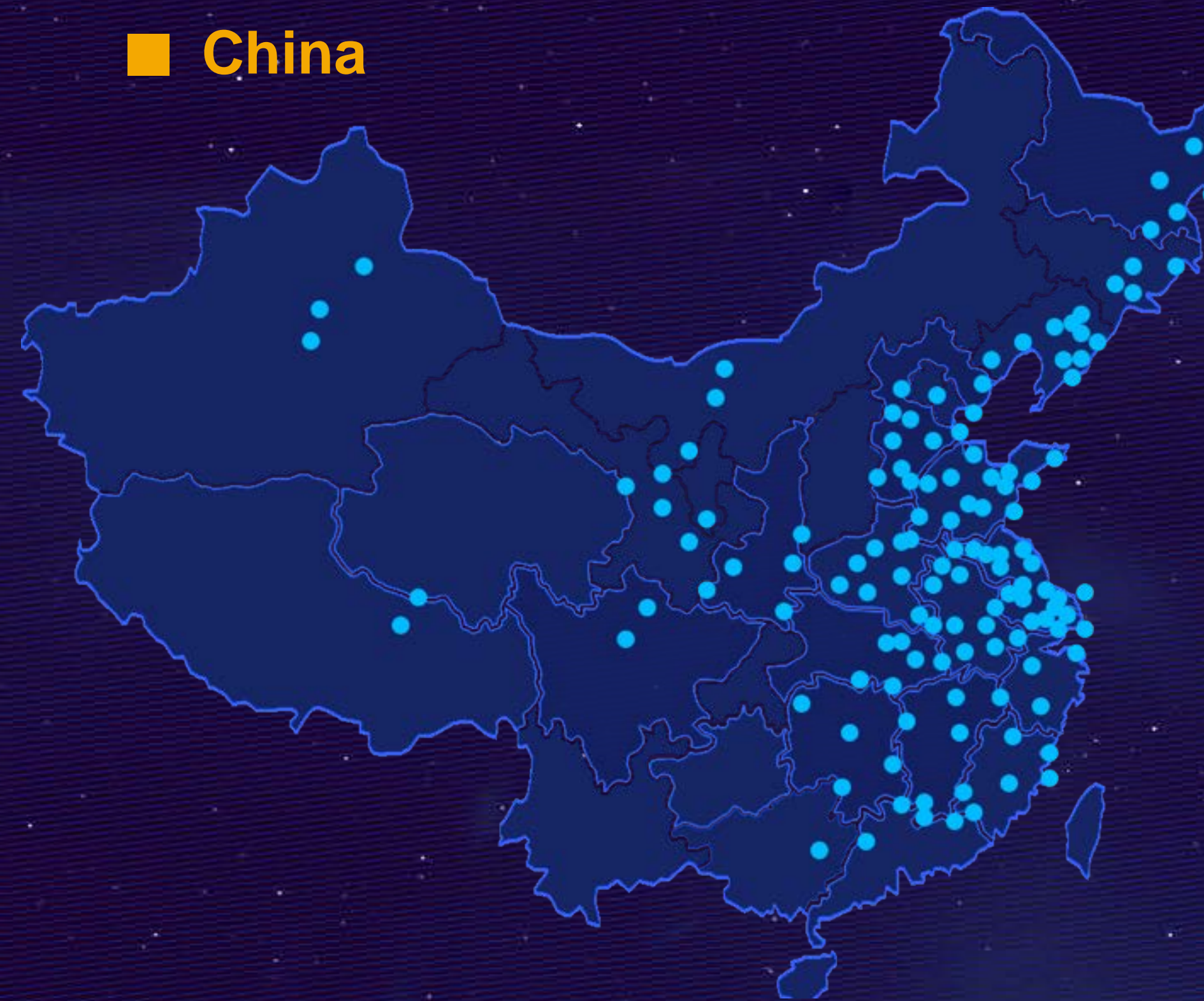




CAINIAO 菜鸟网络

Cainiao Network

Logistics in China: Scale and Uniqueness



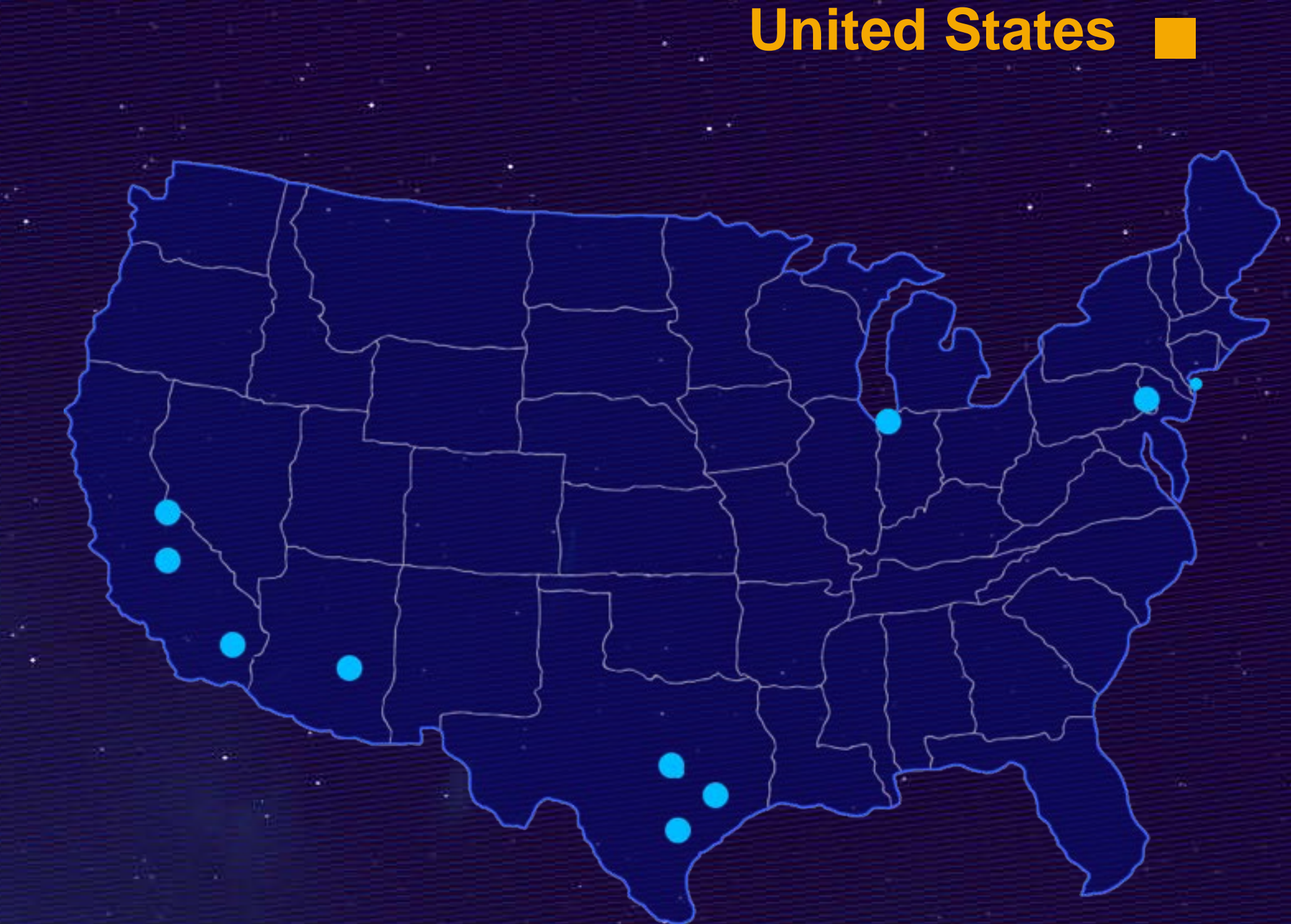
143 cities with 1mn+ population ⁽¹⁾

**Logistics in China is vast, complex and unique.
China's logistics infrastructure and network already exist.
Rebuilding it completely is unnecessary.**

2015 China's daily package volume
~57 million⁽³⁾

2015 US' daily package volume
~35 million⁽³⁾

China's estimated daily package volume in 2020: 145 million⁽³⁾



10 cities with 1mn+ population ⁽²⁾

Note (1): As of December 2014, according to National Bureau of Statistics of China.

(2) As of July 2014, according to U.S. Census Bureau.

(3): Represents express courier package volume per Morgan Stanley Research Report "China Logistics" dated April 21, 2016.

Platform approach is the only solution in China

JD.com	淘宝网 Taobao.com 天猫 天猫	Amazon
GMV : ~US\$69 billion ⁽¹⁾ Avg daily orders: ~3.5mn ⁽²⁾ Headcount : 100,000+ ⁽³⁾	GMV: ~ US\$485 billion ⁽⁴⁾ Avg Daily Packages : 33mn+ ⁽⁵⁾ Cainiao Headcount : 1,200+ ⁽⁶⁾	GMV: ~US\$205 billion ⁽⁷⁾ Headcount : 230,000+ ⁽⁸⁾

We believe a data-driven platform is the only way to solve the coverage and complexity issues in China logistics.

Note (1): JD.com's core GMV in US\$ in year 2015, as reported in JD.com's 2015 Annual Report.

(2): Average daily orders fulfilled for core business in year 2015, according to JD.com's 2015 Annual Report.

(3): Headcount as of December 2015, according to JD.com's 2015 Annual Report.

(4): Alibaba's China retail marketplaces GMV in US\$ in fiscal year 2016, as reported in Alibaba's Fiscal Year 2016 Annual Report.

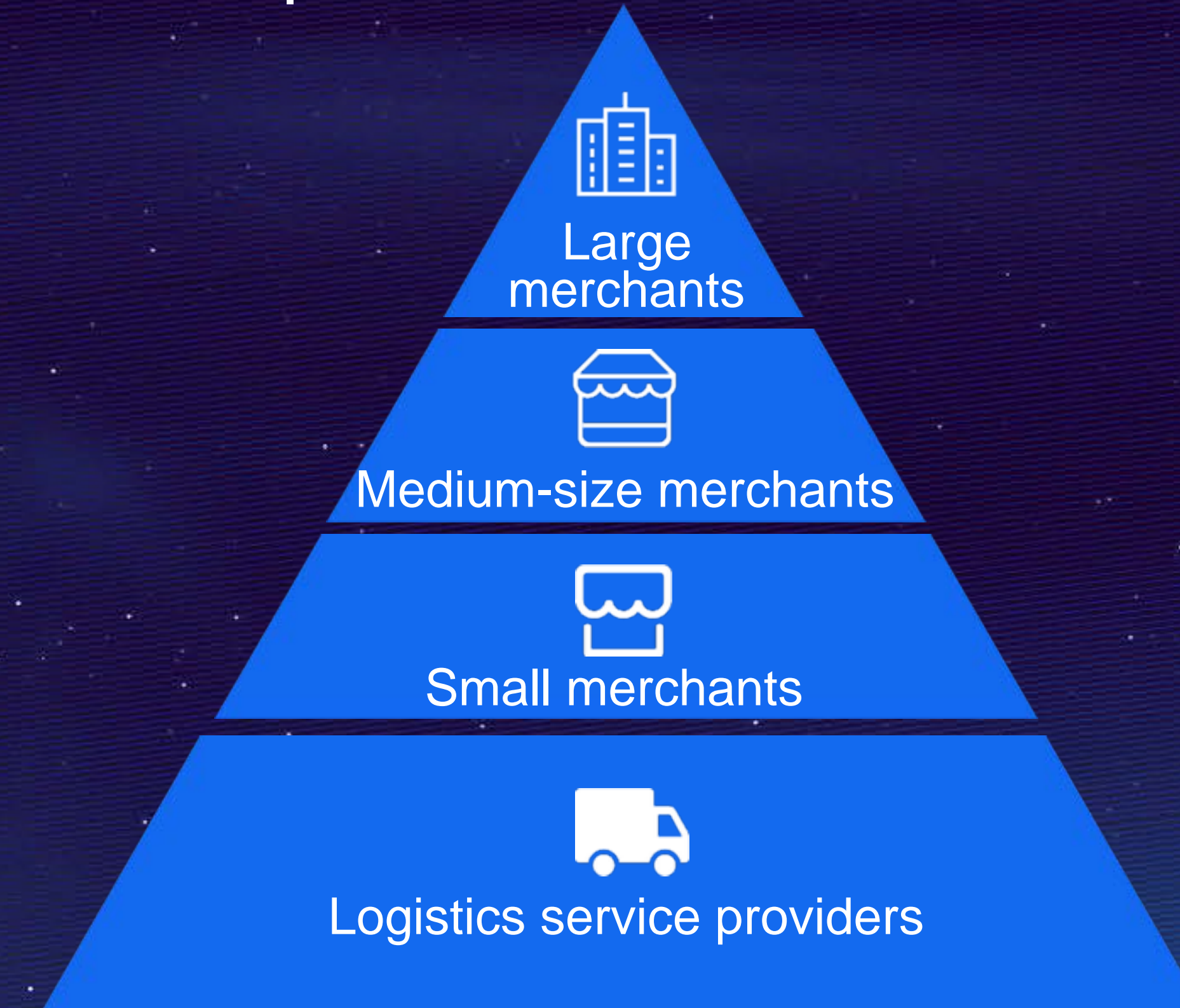
(5): Average daily package volume of Alibaba's China retail marketplaces in fiscal year 2016, according to Alibaba's Fiscal Year 2016 Annual Report.

(6): Headcount of Cainiao as of March 2016.

(7): GMV in year 2015, according to Morgan Stanley research. (8): Headcount as of December 2015, according to Amazon's 2015 Annual Report.

Challenges Faced by Logistics in China

Through a data-driven platform approach,
Cainiao solves problems and creates value for logistics partners and merchants, transforming logistics in China



Lack of data to forecast inventory size and location
Lack of omni-channel management

Lack of supply chain management tools
Lack of connected nationwide warehousing network
Low inventory turnover

Lack of data to provide reliable and customized logistics services
Lack of resources to build warehouses

Difficult to differentiate services
Difficult to optimize operational efficiency

Challenges

Cainiao – A Logistics Data Platform

Cainiao is not a traditional logistics company.
Cainiao leverages the capacity and capabilities of logistics partners and empowers the logistics ecosystem through data, standards and collaboration.

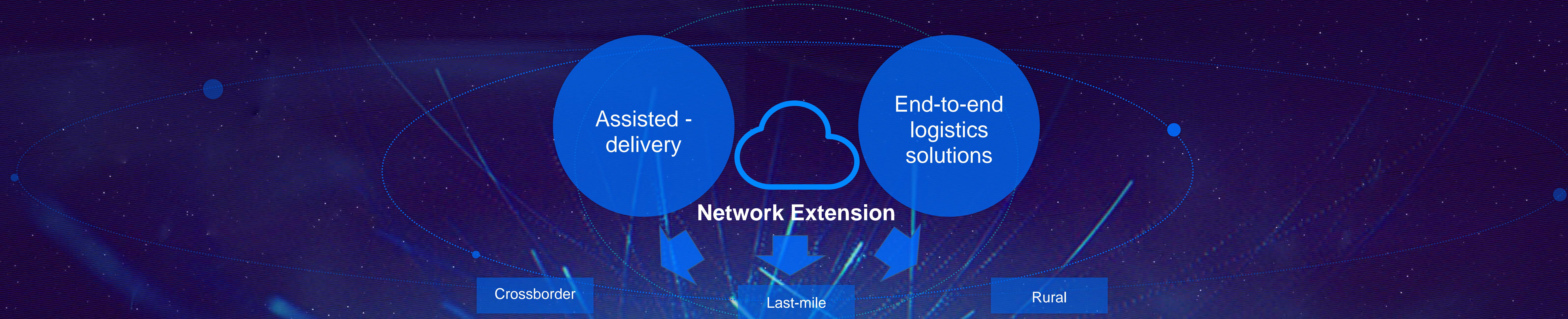
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graph TD; A[Establish standards by data] --- B[Develop an infrastructure network by connecting partners' resources]; B --- C[Empower merchants and logistics partners and improve efficiency through data];
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Establish standards by data

Develop an infrastructure network
by connecting partners' resources

Empower merchants and logistics
partners and improve efficiency
through data

Cainiao's Service Offerings



Assisted-Delivery - Empowering Express Courier Companies

■ Service offerings



Cainiao E-Shipping Label
Level 4 and Level 5
Address Database
...



Smart Routing
Logistics Radar Portal
Express Delivery Eagle Eye
...

Achievements ■

■ Level 4 Address Database Penetration⁽¹⁾

~80%

■ Sorting Error Rate Reduction ⁽³⁾

~40%

■ Cainiao E-Shipping Label Penetration⁽²⁾

~67%+

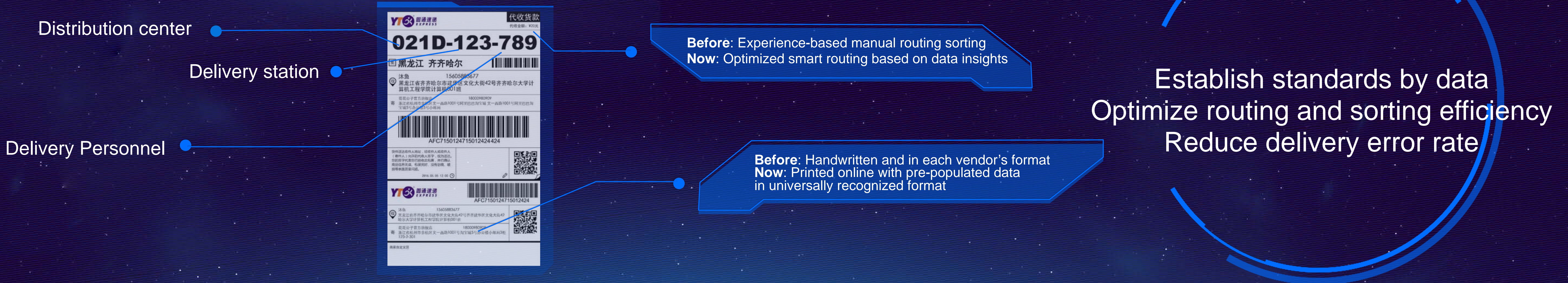
■ Smart Routing Accuracy ⁽³⁾

98%+

Note (1): As of May 2016, represents consumer addresses in Level 4 format as a percentage of total addresses on Alibaba's China retail marketplaces.
(2): In May 2016, represents packages shipped with Cainiao E-Shipping Label as a percentage of total packages on Alibaba's China retail marketplaces.
(3): Represents internal result based on a series of testing conducted with merchants and express courier companies using Cainiao E-Shipping Label and Smart Routing services during Fiscal Year 2016.

Assisted-Delivery - Empowering Express Courier Companies (Cont'd)

■ Case Study: Cainiao E-Shipping Label and Smart routing



End-to-End Logistics Solutions—Nationwide Warehousing and Distribution Network

■ Service offerings

Central Locations: Self-built +
Merchants' and Partners' Warehouses ("Earthnet")

For suitable categories, offer data and system connection
and one-stop warehousing and distribution solutions



Achievements ■

■ Domestic Cainiao Partners (CP)

40+⁽¹⁾

(Collaboration with RRS and Suning)

■ Hubs in operation GFA:

1.7 Mn+ sqm⁽²⁾

(Controlled by Cainiao)

■ Next Day Delivery Coverage

550+
counties and districts⁽³⁾

■ Daily Order Volume Growth

(FY2016 vs FY2015)

2.5+ Times

Note(1): As of March 2016.

(2): As of March 2016, represents warehouses used in domestic end-to-end logistics solutions only,
including self-built warehouses of 0.7 million+ sqm and Cainiao-leased and Cainiao Partners' warehouses of 1 million+ sqm

(3): As of May 2016.

End-to-End Logistics Solutions - Nationwide Warehousing and Distribution Network (Cont'd)

■ Case Study: Large Appliance Supply Chain Solution



Large Appliance Merchant A's inventory turnover ■



Note*: Based on Merchant A's average inventory turnover during a 1-month period before and after adopting Cainiao's supply chain management solution in 2016.

Cross-border and Rural

■ Cross-border



Rural ■



Last-Mile

Cainiao Post Coverage

College Campus Stations

1,500+* (covers 50%+ of colleges in China)

Community Stations

40,000+*

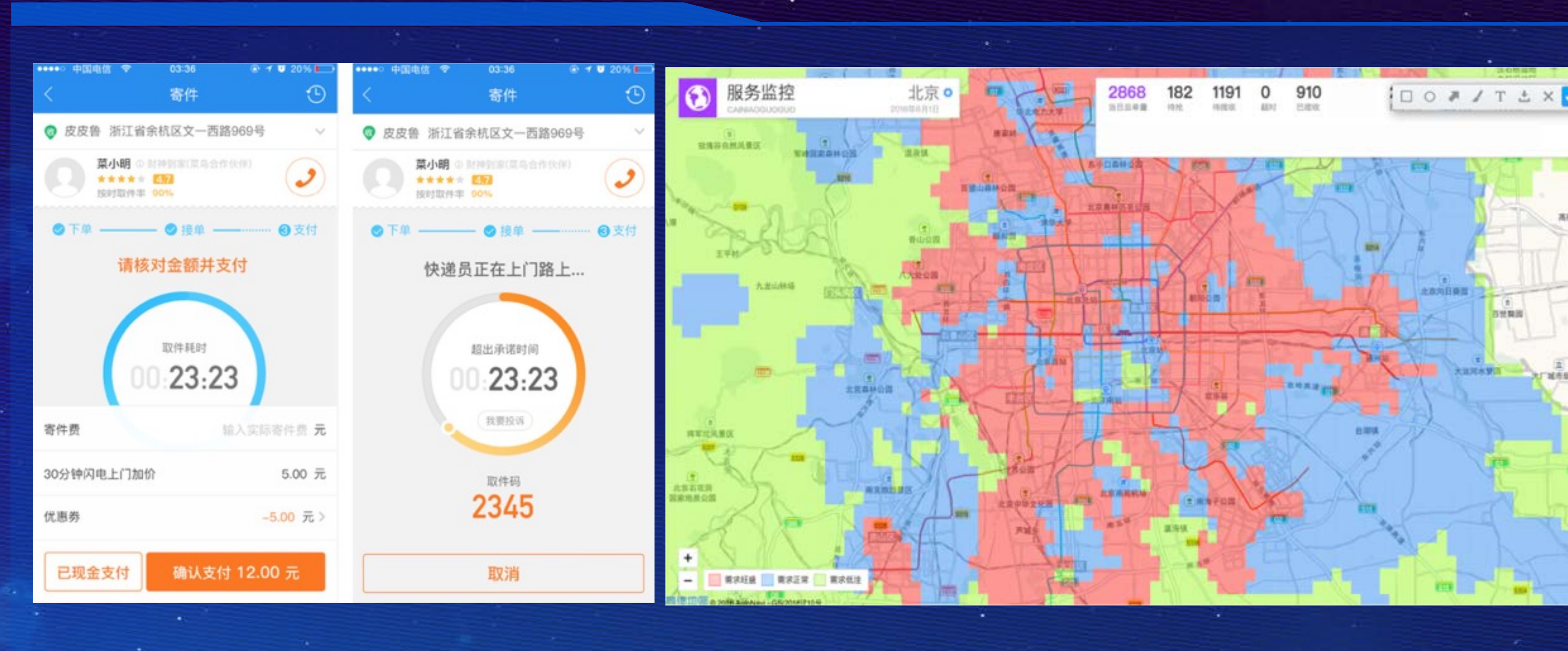
Note*: As of March 2016.

Cainiao Guoguo APP

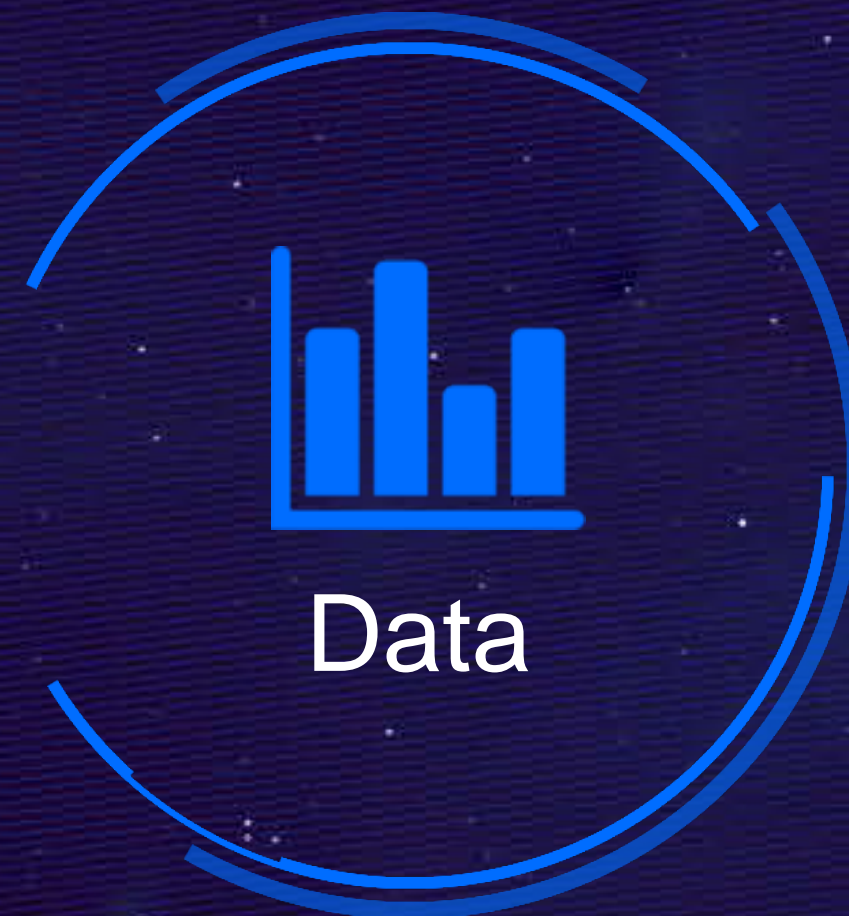
Consumers



Place order
to
Send packages
&
Communicate with
delivery personnel
ANYWHERE



Cainiao Ecosystem



- Daily Average Package Volume*
33 million+
- Daily Delivery Status Updates**
600 million+
- A suite of **data-based value-added** services



- Connecting with delivery personnel***
1.7 million+
- Connecting with delivery stations***
180,000+
- Domestic and International Cainiao Partners***
90+



- Cainiao E-shipping label Level 4&5 Address Database
- Cainiao Alliance
当达·菜鸟联盟
次达·菜鸟联盟
- AliExpress Standard Shipping

Note*: Represents scale achieved during Fiscal Year 2016 on Alibaba's China retail marketplaces. Note**: In March 2016. Note***: As of March 2016.

Cainiao's Mission

Cainiao is a platform empowered by data and collaboration

To enable the logistics ecosystem

To service merchants and consumers