

RDIF, Alibaba Group, MegaFon and Mail.Ru Group Launch New Social Commerce Joint Venture in Russia and the CIS

Vladivostok, Russia, September 11, 2018 – The Russian Direct Investment Fund (RDIF), the sovereign wealth fund of the Russian Federation, Alibaba Group (NYSE: BABA), the world’s leading retail commerce company, PJSC “MegaFon” (LSE: MFON), a pan-Russian operator of digital opportunities (MegaFon) and Mail.Ru Group (MAIL.IL), the leading internet and IT company in Russia with growing international exposure, announced a new strategic partnership to integrate Russia’s key consumer internet and e-commerce platforms and launch a leading social commerce joint venture in Russia and the CIS.

Under the partnership, the parties will form a new joint venture (JV) by leveraging on the existing businesses of **AliExpress Russia**. Collectively, the parties will inject new capital, strategic assets, leadership, resources and expertise to create an unmatched value proposition for merchants, consumers and internet users across Russia and the CIS, as well as accelerate the development of Russia’s rapidly growing digital economy.

Transaction Terms and JV Ownership Structure:

- **Alibaba Group** will contribute AliExpress Russia into the JV, which will consist of Alibaba Group’s current Russia-based domestic and cross-border operations, including its global retail marketplace business, AliExpress, and first-party B2C business, Tmall, in Russia. Further, Alibaba Group will inject cash into the JV along with other resources to support the business of the JV.
- **RDIF** will invest new capital into the JV and acquire additional JV shares from Alibaba Group to become a strategic shareholder of AliExpress Russia with a 13% stake.
- **MegaFon** will sell its 10% stake in Mail.Ru Group to Alibaba Group in exchange for a 24% stake in AliExpress Russia.
- **Mail.Ru Group** will contribute its Pandao e-commerce business, cash and distribution product integrations in exchange for a 15% stake in AliExpress Russia.
- **AliExpress Russia** and **Mail.Ru Group** will enter into a strategic cooperation agreement relating to, among other things, traffic and product initiatives.
- The JV is also planning to broaden the ecosystem and lifestyle use cases by investing into another business together with Mail.Ru Group, including foodtech and other initiatives.
- Following the completion of the transactions, which are subject to customary closing conditions and respective corporate approvals to be obtained by the JV’s partners, AliExpress Russia will be owned by Alibaba Group (48%), MegaFon (24%), Mail.Ru Group (15%) and RDIF (13%). The JV will operate across all e-commerce segments, including cross-border and local marketplaces and first-party retail.

Key Strategic Benefits of AliExpress Russia:

- **Leveraging Social+Commerce.** By partnering with Russia’s leading consumer internet platform, AliExpress Russia will leverage Mail.Ru Group’s 100 million internet users across its social media, messaging, e-mail and online games properties. With access to this unique platform and user base, the JV will fill a highly complementary role in the Russian consumer lifestyle value chain, creating a one-stop platform for social, communications, gaming and shopping.
- **Furthering Russia’s Consumption Upgrade.** AliExpress Russia will leverage Alibaba Group’s global ecosystem to provide local consumers with an unmatched breadth of high quality products in every price category from Russia, China and around the world.
- **Supporting Russian SMEs.** The JV is expected to create significant opportunities for Russian SMEs (small and medium-sized enterprises) by giving them access to an inclusive ecosystem for local merchants to sell their products, locally and globally. With over 600 million consumers visiting Alibaba’s platforms, Russian SMEs will have access to consumer markets more than four times larger than the entire Russian population, including in China, Southeast Asia, Turkey, Europe and India, among others.
- **Accelerating Russia’s Digital Economy.** By leveraging the unique strengths of each of the partners, including e-commerce, social and digital media, logistics and local market expertise, this

partnership will accelerate the development of the Russia's digital economy, foster long-term technology cooperation and help build the future infrastructure of commerce in Russia and globally.

Kirill Dmitriev, CEO of the Russian Direct Investment Fund (RDIF), noted: "RDIF is proud to announce the creation of this breakthrough partnership. The new JV will combine the advantages of Russian and Chinese businesses and become a unique and unrivaled example of technological cooperation between our countries. We hope the JV will become the undisputed leader in Russian e-commerce due to the combined best technologies, expertise and capabilities that will grant Russian customers access to affordable goods, and empower Russian SMEs to compete globally. Our investment is an example of RDIF's leadership in digital transformation of Russia."

Michael Evans, President of Alibaba Group, said: "This partnership is an exciting step in Alibaba's international expansion, combining local leadership with our global ecosystem. By partnering with Russia's leading consumer internet platform, AliExpress Russia will help digitize and transform the retail value chain in Russia, enabling a seamless and innovative experience for consumers as well as creating significant opportunities for Russian entrepreneurs and SMEs to grow in their home market and expand globally. Our experience in China and other markets around the world makes us uniquely qualified to help build the future infrastructure of commerce in Russia and the CIS."

Sergey Soldatenkov, CEO of MegaFon, commented: "MegaFon is pleased to enter into this partnership with global technology leaders Alibaba Group, RDIF and Mail.Ru Group. This agreement is in line with our digital strategy of 'driving digital world' aimed at creating new opportunities for over 76 million customers. E-commerce is a perfect fit for our rapidly developing ecosystem of partnerships to furnish best-in-class financial services, media, and other consumer offerings. This combination is beneficial for all parties, providing unparalleled access to the Russian consumer base."

Mail.Ru Group, Boris Dobrodeev CEO (Russia) of Mail.Ru Group, commented: "Mail.Ru Group is very excited to become a strategic partner of AliExpress Russia and create an unparalleled social commerce offering for our users. Together, we will focus on developing existing products as well as integrating them into the social experience of our users. Most Russian consumers are already our users, and this partnership will enable us to significantly increase the access to various segments of the e-commerce offering, including both cross-border and local merchants. The combination of our ecosystems allows us to leverage our distribution through merchant base and goods as well as product integrations"

The transaction is expected to close in the first quarter of 2019.

About Russian Direct Investment Fund (RDIF)

RDIF is Russia's sovereign wealth fund established in 2011 to make equity co-investments, primarily in Russia, alongside reputable international financial and strategic investors. RDIF acts as a catalyst for direct investment in the Russian economy. RDIF's management company is based in Moscow. Further information can be found at www.rdif.ru.

About Alibaba Group

Alibaba Group's mission is to make it easy to do business anywhere and the company aims to achieve sustainable growth for 102 years. For the fiscal year ended March 2018, the company reported revenues of US\$39.9 billion.

Launched in 2010, AliExpress (www.aliexpress.com) is a global retail marketplace that enables consumers from around the world to buy directly from manufacturers and distributors primarily in China. In addition to the global English-language site, AliExpress operates multiple local-language sites, including sites in Russian, Portuguese, Spanish and French. Top consumer markets where AliExpress is popular are Russia, the United States, Brazil, Spain and France.

About MegaFon

MegaFon PJSC is a pan-Russian operator of digital opportunities, operating in all segments of the telecommunications markets in Russia, and in the Republics of Abkhazia, South Ossetia and Tajikistan. MegaFon is a recognized market leader in the provision of mobile data services, was the first operator in

Russia to launch commercial operation of a third generation (3G) network and was the first operator in the world to launch commercial operation of an LTE-Advanced (4G) data network. Additional information about MegaFon and the products and services provided by MegaFon can be found at: <http://www.megafon.ru>.

About Mail.Ru Group

Mail.Ru Group (MAI.IL) is the largest internet business in Russia in terms of total daily audience. Our products reach over 90% of Russian internet users on a monthly basis. The Group owns Russia's leading email service; one of Russia's largest internet portals, Mail.Ru; the two largest Russian language social networks, VKontakte (VK) and Odnoklassniki (OK); Russia's largest MMO games; and instant messaging services ICQ, Agent Mail.Ru and TamTam.

The Group also operates Delivery Club, the largest food delivery business in Russia, location-based marketplace Youla, and a cross-border marketplace Pandao.

Mail.Ru Group is actively involved in IT education in Russia and has a number of education centers in partnership with major Russian universities. Mail.Ru Group also holds Russia's most important programming contests.

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