

Chairman and CEO's Letter to Shareholders

Dear Shareholders,

Thank you for your continued help, support and trust in Alibaba Group.

This is my first letter to you as the Chairman of Alibaba Group. More than half of 2020 will have passed by the time you read this and all that has happened over the last six months has been an unprecedented test on all of us. We can already see the profound impact on the future of our economy and society.

There remains intense global uncertainty due to the unexpected endurance of the COVID-19 pandemic. It is clear that participants in the market, whether organizations or individuals, need to look beyond their own personal welfare. No one can defeat the pandemic alone and it is a challenge that we must face collectively as a global community. But, even in a highly uncertain world, we can always find some certainty. We know without doubt that the ongoing digital transformation of our economy and society will be unstoppable. COVID-19 has made us fundamentally re-evaluate our relationship with the world around us. It has catalyzed development of brand-new digital solutions in life, work, education, business management and public services. Today, digitalization is the new norm.

This past year, we celebrated Alibaba's 20th anniversary. Over the last 20 years, Alibaba has benefited from the supercharged evolution of the Chinese Internet landscape as well as the prosperity of the China economy. The trajectories of Alibaba and China are inextricably linked. Over the last 20 years, Alibaba has been preparing for the arrival of the digital economy era. We have assembled a digital economy that encompasses commerce, finance, logistics and big data powered by cloud computing. Along the way, a dynamic and rich ecosystem made up of hundreds of millions of consumers and tens of millions of merchants, service providers and partners emerged. Not only did we forge an entirely new commercial ecosystem online, we also helped traditional businesses to embrace digital transformation and find innovative hybrid models that integrate online with offline. We are the provider of utility services for global digital commerce, and became the essential infrastructure for businesses pursuing digital transformation across all industries.

COVID-19 forced all of us to develop a deeper and more concrete understanding of "infrastructure." During the pandemic, Alibaba mobilized the full spectrum of our digital infrastructure to contribute to the global fight against COVID-19, to meet the essential needs of our communities and to provide support for economic recovery. Alibaba owes its growth and development over the past 20 years to society and to the era that we belong. We believe the best way to show our gratitude is to help address the challenges that we collectively face and drive progress to the benefit of the whole society. In the face of the hardships created by the pandemic, it was our duty and responsibility to give back.

During this past fiscal year, despite the impact of the pandemic, Alibaba still delivered on a strategic goal that we had established five years ago, which was to surpass US\$1 trillion in GMV. This was an important milestone for Alibaba, especially in the context of US\$6 trillion in total annual retail sales of consumer goods in China today. Our next goal is to serve more than 1 billion consumers in China and facilitate more than RMB10 trillion of consumption on our platforms in the next five years as we continue on the path of globalization. Our longer-term goals are to serve 2 billion consumers globally, create 100 million jobs and provide the necessary infrastructure to support 10 million small businesses to become profitable on our platforms by 2036. We will continue to pursue our three strategic pillars of globalization, China domestic consumption and big data powered by cloud computing. Globalization is our long-

term battle; Chinese domestic consumption is our cornerstone battle and big data powered by cloud computing is our battle for the future.

This past year, we also celebrated a series of momentous events. Alibaba migrated its core system onto the public cloud, paving the way to build a cloud-native infrastructure for the future. We came home to Hong Kong for a secondary listing. Wang Jian became the first representative from a private Chinese enterprise appointed to the Chinese Academy of Engineering. He is the pride of all Aliren, and his appointment represents a validation of the commitment and investment made by Alibaba engineers over the years.

True creativity is original. Alibaba prioritized self-innovation and incubation of new ideas above all else over the past 20 years. From Taobao to Alipay to Cainiao to Alibaba Cloud, from DingTalk to Freshippo to Taobao Live – all of these new “animals” helped to improve the lives of consumers, advance development of commerce and drive progress in society. We have re-defined management of consumer lifestyles and business operations. Our digital economy infrastructure – from digital commerce to digital finance to logistics to cloud computing – empowers the whole society with the potential and opportunity to innovate and incubate even more new ideas.

Over the past 20 years, Alibaba has grown up surrounded by competition. Competition has made us better. Competition has strengthened our creativity and innovation. Competition has inspired us to become a “future shaper.” Only those who have experienced zero to one, created something from nothing, and possess the stamina to continually create value for customers through innovation will stand the test of time in this fast-moving world of digitalization. Alibaba is unique in our commitment to being true to ourselves and in our firm belief that customer value creation should be at the root of all innovation. Alibaba’s past 20 years has been defined by our own continuous self-innovation, and helping our customers and partners to foster new ideas. We will continue to build and develop the infrastructure for the digital economy. We will continue to invest for the future. We will continue to incubate for the future. We want Alibaba’s innovations to contribute to a better tomorrow for everyone.

On the eve of our 20th anniversary, we laid out our vision to be a good company for 102 years. We are standing at an important intersection in history and our mission is being tested. Alibaba’s ultimate goal is to create value for society and help find solutions for society’s challenges. We want to convert Alibaba’s resources into fuel for small and medium businesses, which will in turn support the advancement of the whole society. We want our society to be better because of Alibaba’s contributions. We believe that once our society is better, once our economy is better, and once people’s lives are better, then Alibaba will be better!

Daniel Zhang
Chairman and Chief Executive Officer
Alibaba Group Holding Limited