



Alibaba Acquires Controlling Stake in Sun Art

Accelerating New Retail Strategy to Capture Opportunities in China's Retail Sector

Hangzhou, China, October 19, 2020 – Alibaba Group Holding Limited (NYSE: BABA and HKEX: 9988, “Alibaba” or “Alibaba Group”) today announced it will invest approximately USD3.6 billion in respect of Sun Art Retail Group Limited (HKEX: 6808, “Sun Art”), a leading hypermarket and supermarket operator in China, that will raise its aggregate direct and indirect stake to approximately 72%¹. This transaction demonstrates Alibaba’s continued commitment to Sun Art, and its New Retail strategy by further integrating online and offline resources in China’s retail sector.

As part of the transaction, Alibaba will acquire 70.94% of equity interest in A-RT Retail Holdings Limited (“A-RT”) from Auchan Retail International S.A. and its subsidiary (“Auchan Retail”) valued at approximately HKD28.0 billion (USD3.6 billion). A-RT holds approximately 51% of the equity interest in Sun Art. Following the transaction, Alibaba will consolidate Sun Art in its financial statements. Additionally, Peter Huang has been appointed Chairman of Sun Art in addition to his current role as Chief Executive Officer.

Daniel Zhang, Chairman and Chief Executive Officer of Alibaba Group, said: “Alibaba’s strategic investment in Sun Art in 2017 was an important step in our New Retail strategy. The alliance we formed with Auchan Retail and Ruentex was instrumental in building a robust infrastructure to create opportunities and value in China’s retail sector. Led by Chief Executive Officer Peter Huang, Sun Art has achieved impressive results in its digitalization, and pursued promising synergies with businesses across the Alibaba digital economy. As the COVID-19 pandemic is accelerating the digitalization of consumer lifestyles and enterprise operations, this commitment to Sun Art serves to strengthen our New Retail vision and serve more consumers with a fully integrated experience.

In November 2017, Alibaba Group, Auchan Retail and Ruentex Group announced a strategic alliance to digitalize and introduce New Retail solutions at Sun Art stores, including omnichannel integration and a more personalized customer experience. Over the past three years, Sun Art has made significant progress in the digital transformation under a fast-changing market environment by leveraging resources and technology from the Alibaba ecosystem, to capitalize on the growth opportunities in China’s hypermarket and supermarket space.

Today, all Sun Art physical stores in China have been integrated into Alibaba’s Taoxianda and Tmall Supermarket platforms, providing one-hour and half-day on-demand delivery through deep collaboration with other key businesses across the Alibaba ecosystem, including Ele.me and Cainiao, offering consumers greater product selection and access. As of June 30, 2020, Sun Art operates 481 hypermarkets and 3 mid-size supermarkets in China, with a focus on strengthening its position through small and offline community stores.

¹Including the stake held by Alibaba Group and its related party.

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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 good company that lasts for 102 years.

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