

Cainiao and Hainan Government Enter Strategic Partnership to Develop Hainan Global Smart Supply Chain Pilot Zone

Cainiao will be supporting Hainan's logistics infrastructure development to attract over 1,000 duty-free merchants to the island

Hangzhou, China, June 10, 2021 – Cainiao Smart Logistics Network (“Cainiao”), the logistics arm of Alibaba Group Holding Limited, announced at its annual Global Smart Logistics Summit 2021 that it has entered a strategic partnership with the Hainan government to support the development of the Hainan global smart supply chain pilot zone, an important first step in contributing to the success of the free trade port. This was jointly announced by Cainiao’s CEO Lin WAN and Hainan Provincial Bureau of International Economic Development’s Director Shengjian HAN at the summit.

As part of the partnership, Cainiao will be leveraging its global logistics capabilities and technology to establish Hainan as a trade center and pilot model for the digital economy. Here, Cainiao will be working closely with Hainan to provide holistic smart logistics services to merchants from around the world.

The public-private partnership includes four key areas:

- **Establishment of a comprehensive smart logistics infrastructure on Hainan’s main and outlying islands to attract duty-free merchants:** Cainiao will be developing customized central warehouses tailored for luxury goods, pharmaceutical products, fragrances and cold chain products to establish Hainan as a duty-free haven. The goal is to leverage the highly efficient customs clearance system and smart logistics innovation to attract over 1,000 duty-free merchants, especially those that have yet to enter the China market, to bring imported goods, new product launches and exclusive items into Hainan. This will allow consumers in Hainan to access goods from around the world.
- **Launch of Hainan free trade port merchant smart service center:** Cainiao will be committing technological resources and expertise to develop a smart service platform comprising logistics and supply chain management system, digitized customs platform, and the store and delivery point management system. The establishment of the smart service platform will enable the digitalization of operations in Hainan, linking key elements across the entire value chain to bring about significant improvements in merchants’ operational efficiency. This means that customers will take less than 70 seconds to complete their pick-up at the designated location, a 50 per cent increase in efficiency compared to before. This solves the issue of long waiting lines and improves customer experience.

- **The upgrading of Hainan’s global freight network:** Cainiao will be actively participating in the Hainan international air cargo terminal operations and continue to drive the expansion of the global freight network to include direct chartered flights to countries such as Japan, South Korea and Europe, sea freight routes between Hong Kong and Hainan, and the launch of more channels to export goods to The Greater Bay Area (GBA). The plan is to expand to over 800 international cargo flights by end 2021.
- **Development of Hainan’s global supply chain center:** Cainiao will be capitalizing on its supply chain operations and development experience to rapidly scale up the logistics infrastructure in key areas to form a seamless logistics. For example, Cainiao’s processing center in Hainan can support the assembly and packaging of products which can then be directly distributed to consumers.

Hainan, China’s largest Special Economic Zone, is a key port along the 21st Century Maritime Silk Road in China’s Belt and Road Initiative. On June 1, 2020, the Chinese authorities released the *Master Plan for the Construction of Hainan Free Trade Port* to transform the entire island province into a free trade port (FTP).

This news comes after Cainiao’s announcement in April 2021 where it launched seven weekly direct chartered flights linking Singapore and Hainan to support import and export merchants in the free trade zone. This has enabled goods to be shipped from Singapore to Hainan’s duty-free stores within 15 hours, compared to the traditional shipping model that would take three days and above. The following month in May, a more detailed plan was announced for the establishment of a full-suite digitalized logistics services tailored for Hainan, including the development of smart and bonded warehouses with total floorspace spanning 150,000 sqm within three years, and the launch of Cainiao’s first digitized logistics system to expedite logistics processes.

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About Cainiao Smart Logistics Network

Founded in 2013, Cainiao Smart Logistics Network (“Cainiao”) is a technology company and the logistics affiliate of Alibaba Group. It adopts a collaborative approach to logistics with an innovative and open data platform that improves efficiency and customer experience for all players along the supply chain. It carries forward Alibaba’s mission of making it easy to do business anywhere by aiming to deliver anywhere in China within 24 hours, and across the globe within 72 hours.

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