



**Alibaba.com Reports Strong Customer Net Additions
With Paying Members Surpassing Half a Million in Q2 2009**

Declares HK\$1.01 Billion Special Dividend to Commemorate 10th Anniversary

Highlights

- Record-high quarterly net additions of 14,643 Gold Supplier members to a total of 70,453, up 136.7 percent y-o-y and 26.2 percent q-o-q
- Strong quarterly net additions of 33,614 China TrustPass members to a total of 441,799, up 36.2 percent y-o-y and 8.2 percent q-o-q
- Revenue in Q2 2009 up 23.6 percent y-o-y
- Deferred revenue and quarterly recurring free cash flow both up 36.8 percent and 54.5 percent y-o-y respectively
- Quarterly net income, excluding one-time impact on the exchange and gain on disposal of our Japan operation to Q2 2008, declined 16.9 percent y-o-y as expected, as a result of previously announced continuing investments in customers, people and technology to position the Company for future growth
- Alibaba.com board declares HK\$1.01 billion special dividend, equivalent to 20 HK cents per share to shareholders on record as of August 31, 2009 to commemorate the 10th anniversary of Alibaba.com

HONG KONG, August 13, 2009 – Alibaba.com Limited (HKSE:1688.HK) (HK.1688), the world's leading business-to-business e-commerce company, today announced unaudited financial results for the quarter and half-year ended June 30, 2009, that show the Company's actions and ongoing investments to help small businesses weather the economic downturn are continuing to drive demand for our products and services. In addition, the Board of Directors today approved a special dividend of HK\$1.01 billion (US\$130.1 million), equivalent to 20 HK cents (2.56 US cents) per share to shareholders on record as of August 31, 2009 to commemorate the 10th anniversary of Alibaba.com.

Second Quarter 2009 Unaudited Financial Highlights

FINANCIAL (UNAUDITED) HIGHLIGHTS	Q2 2009 RMB million	Q2 2008 RMB million	Change	Q1 2009 RMB million	Change
Revenue	908.3	735.1	+23.6%	806.6	+12.6%
Profit from operations	287.7	339.1	-15.2%	276.7	+4.0%
Net income (Profit attributable to equity owner)	260.7	396.5	-34.2%	253.4	+2.9%
Share-based compensation expense	49.2	49.2	-0.1%	39.2	+25.6%
Deferred revenue and customer advances	2,718.8	1,987.8	+36.8%	2,447.4	+11.1%
Recurring free cash flow	426.7	276.2	+54.5%	342.9	+24.4%
Earnings per share, basic (HK\$)	5.88 cents	8.77 cents	-33.0%	5.69 cents	+3.3%
Earnings per share, diluted (HK\$)	5.83 cents	8.76 cents	-33.4%	5.68 cents	+2.6%



First Half 2009 Unaudited Financial and Operational Highlights

FINANCIAL (UNAUDITED) HIGHLIGHTS	Six months ended June 30,		Change
	2009	2008	
	RMB million	RMB million	
Revenue	1,714.9	1,415.2	+21.2%
Profit from operations	564.4	651.0	-13.3%
Net income (Profit attributable to equity owners)	514.1	697.2	-26.3%
Share-based compensation expense	88.4	94.1	-6.1%
Deferred revenue and customer advances	2,718.8	1,987.8	+36.8%
Recurring free cash flow	769.6	549.6	+40.0%
Earnings per share, basic (HK\$)	11.57 cents	15.24 cents	-24.1%
Earnings per share, diluted (HK\$)	11.51 cents	15.23 cents	-24.4%

OPERATIONAL HIGHLIGHTS	June 30, 2009	June 30, 2008	Change	March 31, 2009	Change
Registered users	42,781,218	32,523,290	+31.5%	40,250,413	+6.3%
<i>International marketplace</i>	9,462,705	5,614,887	+68.5%	8,623,701	+9.7%
<i>China marketplace</i>	33,318,513	26,908,403	+23.8%	31,626,712	+5.3%
Storefronts	5,509,260	3,770,614	+46.1%	5,041,063	+9.3%
<i>International marketplace</i>	1,126,645	802,286	+40.4%	1,042,926	+8.0%
<i>China marketplace</i>	4,382,615	2,968,328	+47.6%	3,998,137	+9.6%
Paying members (Note 1)	531,471	368,006	+44.4%	481,575	+10.4%
<i>Gold Supplier</i>	70,453	29,766	+136.7%	55,810	+26.2%
<i>International TrustPass</i>	19,219	13,912	+38.1%	17,580	+9.3%
<i>China TrustPass</i>	441,799	324,328	+36.2%	408,185	+8.2%

Note 1:

Includes paying members with active storefront listings on our international and China marketplaces as well as paying members who have paid membership package subscription fees, but whose storefronts have not been activated.

“As we did in Q1, our continued focus in the second quarter was to make a myriad of investments designed to increase the value we provide to our customers. This has driven continued strong growth in net paying member additions,” said David Wei, chief executive officer of Alibaba.com. “Clearly, more and more companies around the world are seeing e-commerce as a more efficient way to market and sell their products and services. The fact that they are turning primarily to Alibaba.com is an outcome of our intense focus on providing our customers with clear value in helping to achieve their individual goals and objectives.

“As we close our first decade, one of the most important values is putting customers first. We built on that more than a year ago when the leadership team of Alibaba.com began working on investments designed to help our customers survive the economic downturn. We’re encouraged by the positive results that these investments are yielding for our customers and our company, and we are excited to commemorate this anniversary through a special HK\$1.01 billion dividend to shareholders.”



Outlook

“We continue to take a cautious view on the global economy in the near term; however, we remain very optimistic about the outlook of e-commerce and our company,” Wei added. “We will continue to support our customers in every way to ensure they are successful. The changes we have made in our Gold Supplier program, China TrustPass program as well as the continued support of value added services – including Ali-ADvance™, the Business Network Service and the Ali-loan program – are all part of our commitment to understand and support the business needs of our customers. We will stay on our planned path of investing in our customers as their long-term success is the key to our growth and strength as a company.

“To serve our customers, our vision is to solve the challenges of small businesses in procurement, sales and marketing, management, and financing through technology. To ensure the realization of this vision in the coming decade, we will rearrange our existing initiatives into four business units: International Core Business Unit (ICBU), China Core Business Unit (CCBU), Information Technology Business Unit (ITBU) and Ali-Institute. Of these, ITBU and Ali-Institute are new divisions that will help small businesses get simpler access to technology to upgrade their operations, as well as train personnel in these small businesses to better use the technology. We will also continue to work with partners to solve the financing issues of small businesses through the Ali-loan program.”

Second Quarter 2009 Financial and Operational Results

Paying Members and Revenue

The number of paying members in our marketplaces continued to grow significantly. As of June 30, 2009, we had 531,471 paying members, representing a 44.4 percent increase from the second quarter of 2008 and a 10.4 percent increase from the first quarter of 2009.

In May 2009, we introduced Gold Supplier membership to small businesses outside Greater China. Starting from July 1, 2009, the Gold Supplier international edition replaced the existing International TrustPass membership. Priced at US\$2,999 per year, similar to the Starter Pack, Gold Supplier international edition offers similar product features and same level of exposure as the Gold Supplier members in Greater China. We expect this initiative will diversify our China supplier concentration and drive paying membership and revenue growth globally in the long term.

As a result of the continued increase in the number of paying members, **deferred revenue and customer advances** grew by RMB271.4 million (US\$39.7 million) during the quarter to reach RMB2.7 billion (US\$398.1 million) as of June 30, 2009, representing an increase of 36.8 percent year-on-year and 11.1 percent quarter-on-quarter. Given our subscription-based revenue model, we believe deferred revenue is a good indicator of future revenue growth.

Total revenue was RMB908.3 million (US\$133.0 million) in the second quarter of 2009, representing a 23.6 percent increase from the same period of 2008 and a 12.6 percent increase from the first quarter of 2009. For the first six



months of 2009, total revenue was RMB1.7 billion (US\$251.1 million), up 21.2 percent from the first half of 2008.

International Marketplace

Revenue from our international marketplace was RMB574.8 million (US\$84.2 million) for the second quarter, an increase of 22.5 percent year-on-year and 13.7 percent quarter-on-quarter. For the first half of 2009, revenue from our international marketplace increased to RMB1,080.3 million (US\$158.2 million), representing a 15.7% increase from the same period in 2008. The growth for both the half-year and the quarter was primarily due to the increase in the number of Gold Supplier Starter Pack members. In Q2 2009, we posted record-high quarterly net additions of Gold Supplier members of 14,643, for 136.7 percent growth year-on-year and 26.2 percent growth quarter-on-quarter. In addition, registered users increased by 839,004 and storefronts grew by 83,719 in the second quarter. Overall, in the first six months of the year, registered users and storefronts increased 68.5 percent and 40.4 percent year-on-year, reaching 9,462,705 and 1,126,645 respectively.

Since the launch of the Gold Supplier Starter Pack in the fourth quarter of 2008, we have more than doubled our paying members. We believe that Gold Supplier Starter Pack not only addresses the need of our existing export customers, but it also opens up an untapped market for small exporters in China.

In the second quarter, International TrustPass members increased by 1,639 to reach 19,219. While growth of International TrustPass membership had been steady for several quarters, this program transitioned into the Gold Supplier international edition as of July 1. The Gold Supplier international edition expands the level of service for our international members, increasing their access and exposure to the global marketplace.

Markets in Japan and India saw significant progress in registered users and paying members. In the second quarter, our total registered users in India exceeded 1 million, making us one of the top B2B e-commerce marketplaces in India. In Japan, our associated company, Alibaba.com Japan, started to monetize in the second quarter of 2009 by introducing Japan Link (in Chinese, Zhongritong 中日通) to the Chinese suppliers in order to help them gain access to the Japanese buyers through our Japanese-language Web site.

China Marketplace

Revenue from our China marketplace was RMB333.5 million (US\$48.8 million) in the second quarter, representing a 25.5 percent increase year-on-year and a 10.8 percent increase quarter-on-quarter. In the same period of time, registered users rose by 1,691,801 to 33,318,513 for 5.3 percent growth quarter-on-quarter. Compared to the end of the second quarter last year, the number of registered users grew 23.8 percent year-on-year. Storefronts grew by 384,478 to 4,382,615 during the quarter. Compared to the end of the second quarter last year, the number of storefronts grew 47.6 percent year-on-year. For the six months ended June 30, 2009, revenue from the China marketplace grew 31.8 percent over the previous year to RMB634.6 million (US\$92.9 million).

In the second quarter, we achieved 33,614 net additions of China TrustPass members, bringing the total China TrustPass members to 441,799 as of June 30, 2009. This preceded an upgrade in July 2009 that increased the



China TrustPass membership for individuals on par with the China TrustPass corporate membership and a price revision to RMB2,800 from RMB2,300. We decided on the service upgrade as feedback from individual edition members in the past year clearly indicated that they value the service and results that our marketplace brought to them and are willing to pay for the same level of exposure and services.

In line with our initiatives to provide more value-added services (VAS) that meet customer's demand, we launched as previously announced a series of new VAS for China TrustPass members. The new VAS offerings – including Mobile China TrustPass, Winport 2.0, and Traffic Analyzer™ – aim to provide additional functionalities.

Launched in March 2009, we expect moderate growth in user adoption of Ali-ADvance™ in the near term as we optimize its operation, and customers get familiar with the new product. Ali-ADvance™ will help improve the efficiency of suppliers' marketing efforts while allowing for better monetization of the ever-increasing user traffic on our China marketplace.

We also launched a Business Network Service (BNS, or *Renmaitong* 人脉通) on our China marketplace in the second quarter. Renmaitong not only helps members manage existing business relationships in a convenient way, it helps identify and capture potential business opportunities and helps buyers and suppliers realize the power of the community and the network effect on our marketplace.

Alibaba.com's small business loan-assistance program (Ali-loan), which is exclusively offered to our paying members, continued to gain traction. So far in 2009, we have added more banks and expanded the program in Zhejiang Province, Hangzhou City and Shanghai. As of June 30, 2009, the partner banks have issued more than RMB2.6 billion (US\$380.7 million) in loans to around 1,400 of our customers in Zhejiang Province. The Ali-loan program will be further expanded to more cities and provinces later in the year.

Gross profit for the second quarter of 2009 was RMB777.3 million (US\$113.8 million), an increase of 20.8 percent year-on-year and 11.4 percent quarter-on-quarter. Gross profit for the first half increased to RMB1,475.1 million (US\$216.0 million), up 18.5% from RMB1,244.6 million (US\$182.2 million) in the first half of 2008. **Gross margin** for the second quarter declined slightly from 87.5 percent in the same period last year and 86.5 percent in the first quarter of 2009 to 85.6 percent. The overall margin reduction was a result of the launch of the entry-level product Gold Supplier Starter Pack in November 2008, and the upgrade of our Gold Supplier service which led to higher staff costs, production and customer training expenses as a percentage of revenue.

Profit from operations (which represents profit from operations after deducting share-based compensation expense) for the second quarter of 2009 was RMB287.7 million (US\$42.1 million), representing a 15.2 percent decrease year-on-year and a 4.0 percent increase quarter-on-quarter. Profit from operations totaled RMB564.4 million (US\$82.6 million) for the first six months of 2009, representing a 13.3% decrease from the same period last year. Our **operating profit margin** was 31.7 percent in the second quarter, a decrease from 46.1 percent in the same period last year and from 34.3 percent in the first quarter of 2009. For the first half of 2009, operating profit margin was 32.9%, a decrease from 46.0% in the first half of 2008. The operating margin decrease was mainly due to the investment in customers, people and technology, which resulted in higher customer acquisition cost and



product development expenses as a percentage of revenue.

Profit from operations before share-based compensation expense (non-GAAP) was RMB336.9 million (US\$49.3 million) in the second quarter 2009, down 13.3 percent year-on-year and up 6.6 percent quarter-on-quarter. For the first six months of the year, profit from operations before share-based compensation expense (non-GAAP) was RMB652.8 million (US\$95.6 million), down 12.4% from the same period last year. **Operating margin excluding share-based compensation expense (non-GAAP)** for the second quarter was 37.1 percent, a decrease from 52.8 percent in the same period of 2008 and a decrease from 39.2 percent in the first quarter of 2009. Operating margin excluding share-based compensation expense for the first six months of the year was 38.1%, a decrease from 52.7% in the same period in 2008 due to the reasons stated above.

Net income (profit attributable to equity owners) for the second quarter of 2009 was RMB260.7 million (US\$38.2 million), a decrease of 16.9 percent year-on-year excluding the one-time impact of currency exchange gains and one-time deemed disposal gain from dilution of Alibaba Japan in Q2 2008 and up 2.9 percent quarter-on-quarter. Including the one-time impact, as-reported net income for the second quarter was down 34.2 percent year-on-year. The decrease year-on-year was a result of the ongoing investments we are making in our customers, people and technology to position the company for future growth.

Earnings per share, basic and diluted, for the second quarter of 2009 were 5.88 and 5.83 HK cents (0.75 US cents), a decrease of 33.0 and 33.4 percent respectively, compared to 8.77 and 8.76 HK cents (1.12 US cents) (basic and diluted) in the second quarter of 2008, and an increase of 3.3 and 2.6 percent respectively compared to 5.69 and 5.68 HK cents (0.73 US cents) (basic and diluted) in the first quarter of 2009.

Recurring free cash flow (non-GAAP) in the quarter was RMB426.7 million (US\$62.5 million), representing a 54.5 percent increase year-on-year and a 24.4 percent increase quarter-on-quarter. For the six months ended June 30, 2009, recurring free cash flow was RMB769.6 million (US\$112.7 million), representing a 40.0% increase from the same period in 2008. The increase year-on-year was mainly due to the strong increase of paying members, who pre-pay for their full-year memberships, as reflected in the increase in our deferred revenue and customer advances.

Cash and bank balances as of June 30, 2009 were RMB7,101.0 million (US\$1.04 billion), representing a 7.4% increase from December 31, 2008 and a 23.0% increase from June 30, 2008. As of June 30, 2009, 78.6% (December 31, 2008: 75.2%) of our cash and bank balances was denominated in Renminbi.

Note: All US dollar conversions are based on an exchange rate of USD1.00=HKD7.80 and USD1.00=RMB6.83.

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About Alibaba.com Limited

Alibaba.com Limited (HKSE: 1688) (HK.1688) is the global leader in business-to-business (B2B) e-commerce and the flagship company of Alibaba Group. Founded in 1999, Alibaba.com makes it easy for millions of buyers and suppliers around the world to do business online through three marketplaces: a global trade marketplace (www.alibaba.com) for importers and exporters, a Chinese marketplace (www.alibaba.com.cn) for domestic trade in China, and, through an associated company, a Japanese marketplace (www.alibaba.co.jp) facilitating trade to and from Japan. Together, its marketplaces form a community of more than 42 million registered users from more than 240 countries and regions. Founded in Hangzhou, China, Alibaba.com has offices in more than 40 cities across Greater China as well as in Europe and the United States.

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SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

	Q2 2009 RMB'000	Q1 2009 RMB'000	Q2 2009 RMB'000	Q2 2008 RMB'000
Revenue				
International marketplace	574,766	505,559	574,766	469,358
China marketplace	333,503	301,074	333,503	265,726
Total revenue	908,269	806,633	908,269	735,084
Cost of revenue	(130,936)	(108,824)	(130,936)	(91,638)
Gross profit	777,333	697,809	777,333	643,446
Sales and marketing expenses	(378,081)	(288,963)	(378,081)	(240,762)
Product development expenses	(75,893)	(60,539)	(75,893)	(37,457)
General and administrative expenses	(95,424)	(83,885)	(95,424)	(76,909)
Other operating income, net	59,751	12,325	59,751	50,819
Profit from operations	287,686	276,747	287,686	339,137
Finance income, net	35,694	38,978	35,694	115,073
Share of losses of associated companies, net of tax	(9,800)	(11,027)	(9,800)	-
Profit before income taxes	313,580	304,698	313,580	454,210
Income tax charges	(52,842)	(51,296)	(52,842)	(57,746)
Profit attributable to equity owners of our Company	260,738	253,402	260,738	396,464
Special cash dividends	888,512	-	888,512	-
Earnings per share, basic (RMB)	RMB5.18 cents	RMB5.02 cents	RMB5.18 cents	RMB7.85 cents
Earnings per share, diluted (RMB)	RMB5.13 cents	RMB5.01 cents	RMB5.13 cents	RMB7.84 cents
Earnings per share, basic (HK\$) ⁽ⁱ⁾	HK\$5.88 cents	HK\$5.69 cents	HK\$5.88 cents	HK\$8.77 cents
Earnings per share, diluted (HK\$) ⁽ⁱ⁾	HK\$5.83 cents	HK\$5.68 cents	HK\$5.83 cents	HK\$8.76 cents

(i) The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8815 and RMB0.8812 to HK\$1.0000 for the first and second quarter of 2009 (second quarter of 2008: RMB0.8920 to HK\$1.0000). No representation is made that the Renminbi amounts have been, could have been or could be converted into Hong Kong dollars or vice versa, at that rate, or at any rates or at all.

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (CONTINUED)

	Q2 2009	Q1 2009	Q2 2009	Q2 2008
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
International marketplace				
Gold Supplier	559,771	492,683	559,771	452,529
International TrustPass	14,995	12,876	14,995	9,282
Other revenue	-	-	-	7,547
	574,766	505,559	574,766	469,358
China marketplace				
China TrustPass	317,311	288,468	317,311	248,449
Other revenue	16,192	12,606	16,192	17,277
	333,503	301,074	333,503	265,726
Total	908,269	806,633	908,269	735,084
Recurring free cash flow (Non-GAAP)				
Net cash generated from operating activities	464,300	365,706	464,300	303,672
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(37,643)	(22,793)	(37,643)	(27,475)
Total	426,657	342,913	426,657	276,197
Share-based compensation expense	49,198	39,176	49,198	49,225
	Q2 2009	Q1 2009	Q2 2009	Q2 2008
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	7,101,043	6,948,025	7,101,043	5,772,480
Deferred revenue and customer advances	2,718,773	2,447,401	2,718,773	1,987,830