



Alibaba.com Announces 2008 Interim Results

Hong Kong, August 27, 2008 – Alibaba.com Limited (HKSE:1688), the world's leading B2B e-commerce company, today announced its unaudited results for the six months ended June 30, 2008.

First Half 2008 Highlights:

- **Total revenue** increased to RMB1,415.2 million, up 47.8% year-on-year.
- **Revenue from our China marketplace** increased by 84.6% year-on-year to RMB481.6 million, contributing 34.0% of total revenue, and was the main revenue growth driver in the first half.
- **Operating profit** grew by 70.6% year-on-year to RMB651.0 million. **Operating profit margin** increased to 46.0% from 39.8% in the first half of 2007.
- **Net income (Profit attributable to equity owners)** was RMB697.2 million, an increase of 136.2% year-on-year.
- **Earnings per share, basic and diluted ("EPS")** was 15.24 Hong Kong cents and 15.23 Hong Kong cents, respectively, compared to 6.18 Hong Kong cents in the first half of 2007.

Key Operating Data

- As of June 30, 2008, our combined marketplaces had 32.5 million **registered users**, an increase of 32.5% year-on-year, of which 5.6 million were from the international marketplace and 26.9 million from the China marketplace.
- As of June 30, 2008, the total number of **storefronts** on our marketplaces grew to 3.8 million, an increase of 54.1% year-on-year. We had 802,286 storefronts on our international marketplace and 3.0 million storefronts on our China marketplace.
- The number of **paying members** of our combined marketplaces was 368,006, an increase of 44.0% year-on-year, which consisted of 29,766 Gold Supplier members and 13,912 International TrustPass members from the international marketplace, and 324,328 China TrustPass members from the China marketplace.

"In the first six months of 2008 we reported healthy growth in revenue and profitability, despite a weakening global economy," said David Wei, CEO of Alibaba.com. "The network effect of our marketplaces continued to strengthen. We posted steady increases in registered users, supplier storefronts and paying members, reinforcing our position as the world's leading B2B e-marketplace. Our fast-growing China marketplace continued to contribute an increasing proportion of our overall revenue mix during the first half, demonstrating the rising importance of domestic China traders to our business. We also made significant progress in our global expansion efforts by forming partnerships in India and Japan and opening a sales office in Taiwan. We will further accelerate our globalization plans in the future.

“With a slowing global economy, high commodity prices and policies by the Chinese government towards the export manufacturing sector, we are beginning to feel the impact on our customers’ businesses as well as on our own. This ‘economic winter’ is making it difficult for some of our customers to conduct business and as a result we have seen a slowdown in the addition of Gold Supplier members, which may continue until next year. We believe that this is a cyclical situation and that in the long run Chinese exports will remain very competitive in the world market. We are taking a number of steps to help our SME customers weather this difficult time, including lowering the entry barriers for SMEs to do business online, helping more SMEs use e-commerce to conduct business, increasing our investment in user acquisition, and enhancing customer satisfaction.

“Despite the impact the current climate is having on Gold Supplier members in our international marketplace, our China marketplace grew very quickly in the first half of 2008. This growth is a result of efforts taken over the past few years to expand the network effect of our marketplace and maintain high customer satisfaction levels, which are bearing fruit in the face of a strong domestic economy. Going forward, we expect the robust growth of our China marketplace to continue. The recent launches of a series of new products and services including ‘Winport’, ‘China TrustPass for Individuals’ and ‘Export-to-China’ will further expand our China marketplace and we are encouraged by the positive response these initiatives have received so far.”

First Half 2008 Results

Alibaba.com reported **total revenue** of RMB1,415.2 million in the first half of 2008, representing a 47.8% increase from the first half of 2007. The year-on-year growth was driven mainly by increases in the number of paying members of our combined marketplaces and in average spending per paying member of the China marketplace.

Alibaba.com had 368,006 **paying members** as of June 30, 2008, representing a 44.0% increase from the same period a year ago.

International Marketplace

Revenue from our international marketplace was RMB933.5 million for the first six months of 2008, an increase of 34.0% year-on-year, accounting for 66% of total revenue. The growth was primarily due to an increase in the number of Gold Supplier members and sales of value-added services.

As of June 30, 2008, Alibaba.com’s international marketplace had 29,766 Gold Supplier members, a net increase of 7,748 from 22,018 as of June 30, 2007. The number of International TrustPass members reached 13,912 as of June 30, 2008, a net increase of 2,953 from 10,959 as of June 30, 2007. While we are pleased with the growth of new International TrustPass members, the growth of Gold Supplier members was slower than expected due to macroeconomic factors. Some of our export-orientated customers in China are being cautious and delaying their initial membership subscription or renewal decisions.

To achieve a higher level of customer satisfaction and sales efficiency in the international marketplace over the long-term, we began to restructure our Gold Supplier sales force in the first quarter of 2008. The sales force is now re-arranged into two teams focusing on customer acquisition and customer retention, respectively. The sales team transition was completed in the second quarter, and we expect the benefits of the move to be realized as the overall operating environment improves.

China Marketplace

Revenue from our China marketplace increased to RMB481.6 million in the first half of 2008, an improvement of 84.6% compared to the same period in 2007, due to increases in the number of China TrustPass members and sales of value-added services. Our China marketplace accounted for 34.0% of total revenue in the reporting period and surpassed 36.1% in the second quarter of 2008, a significant increase when compared to a 27.2% contribution to total revenue in the first half of 2007. This shows the growing importance of the China marketplace to our overall business development.

Alibaba.com's China marketplace had 324,328 China TrustPass members as of June 30, 2008, a net increase of 101,752 from 222,576 as of June 30, 2007. The strong growth in China TrustPass members is due to both external and internal factors. Externally, the increased Internet penetration in China and a continued strong domestic economy is benefiting our business. Internally, we saw improvements in customer acquisitions through our own sales force and our network of resellers. The sales of value-added services such as keyword bidding and premium placements also recorded healthy growth. In addition, the launch of 'China TrustPass for Individuals' in the second quarter added over 10,000 paying members as of June 30, 2008.

Gross profit for the first half of 2008 was RMB1,244.6 million, an increase of 49.1% year-on-year. Our **gross margin** improved to 87.9% in the period under review, compared to 87.2% in the same period last year.

Total operating expenses were RMB665.7 million in the period, representing a 46.6% increase from RMB454.1 million in the first half of 2007. The increase was due to the expansion of our operations to support the continued growth of our businesses.

Profit from operations (which represents profit after deducting share-based compensation expense) for the first half of 2008 was RMB651.0 million, representing a 70.6% increase from the first half of 2007. Our **operating profit margin** for the period was 46.0%, compared to 39.8% in the same period last year. The year-on-year improvement in operating profit margin was mainly attributable to the growth of other operating income and the benefits of economy of scale during the period. As experienced previously, we expect our operating profit margin for the second half of 2008 to be lower than in the first half because we plan to further invest in user acquisition and enhance the services to our customers.

Profit from operations before share-based compensation expense (non-GAAP) was RMB745.1 million for the period under review, up 70.9% year-on-year. **Operating margin excluding share-based compensation expense** (non-GAAP) increased to 52.7% in first half of 2008 from 45.5% in the same period a year ago.

Net finance income for the first half of 2008 was RMB163.6 million, a year-on-year increase of RMB145.4 million compared to RMB18.2 million for the first half of 2007, due to higher interest income and exchange gain through effective treasury management.

Profit attributable to equity owners for the first half of 2008 was RMB697.2 million, representing a 136.2% increase year-on-year.

Earnings per share, basic and diluted, was 15.24 Hong Kong cents and 15.23 Hong Kong cents, respectively, compared to 6.18 Hong Kong cents in the first half of 2007.

Other Financial Information

Deferred revenue and customer advances amounted to RMB1,987.8 million as of June 30, 2008. This compares to RMB1,919.8 million as of December 31, 2007 and RMB1,524.3 million as of June 30, 2007, representing increases of 3.5% and 30.4% respectively. The increases were mainly due to the growth of paying members and their spending on our marketplaces.

Recurring free cash flow (non-GAAP) for the first half of 2008 was RMB549.6 million, representing a 6.3% increase compared to the same period last year.

About Alibaba.com Limited

Alibaba.com Limited (HKSE:1688), a member of the Alibaba Group, is the world's leading B2B e-commerce company. It connects millions of buyers and suppliers from around the world every day through three marketplaces: an English-language marketplace (www.alibaba.com) for global importers and exporters, a Chinese-language marketplace (www.alibaba.com.cn) for domestic trade in China, and a Japanese-language marketplace (www.alibaba.co.jp) facilitating trade to and from Japan. Together, its marketplaces form a community of more than 32 million registered users from over 240 countries and regions. Alibaba.com has offices in more than 30 cities across mainland China as well as in Taiwan, Hong Kong, Europe and the US.

For investor inquiries please contact:

Lindy Lau
Alibaba.com Limited
Tel: +852 2215 5215
lindylau@alibaba-inc.com

For media inquiries please contact:

Christina Splinder
Alibaba.com Limited
Tel: +852 2215 5130
csplinder@alibaba-inc.com

Jasper Chan
Alibaba.com Limited
Tel: +852 2215 5213
jasperchan@alibaba-inc.com

For photos and broadcast-standard video supporting this press release, please visit www.thenewsmarket.com/alibaba. If you are a first-time user, please take a moment to register. If you have any questions, please email journalisthelp@thenewsmarket.com.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	1H 2008	1H 2007	Change
Revenue (RMB million)	1,415.2	957.7	+47.8%
Profit attributable to equity owners (RMB million)	697.2	295.2	+136.2%
Earnings per share, basic (HK\$)	15.24 cents	6.18 cents	+146.6%
Earnings per share, diluted (HK\$)	15.23 cents	6.18 cents	+146.4%
Registered users	32,523,290	24,554,913	+32.5%
<i>International marketplace</i>	5,614,887	3,621,623	+55.0%
<i>China marketplace</i>	26,908,403	20,933,290	+28.5%
Storefronts	3,770,614	2,447,309	+54.1%
<i>International marketplace</i>	802,286	595,834	+34.6%
<i>China marketplace</i>	2,968,328	1,851,475	+60.3%
Paying Members (Note 1)	368,006	255,553	+44.0%
<i>Gold Supplier</i>	29,766	22,018	+35.2%
<i>International TrustPass</i>	13,912	10,959	+26.9%
<i>China TrustPass</i>	324,328	222,576	+45.7%

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2008**

	Unaudited 1H 2008 RMB'000	Audited 1H 2007 RMB'000 <i>(Note2)</i>	Unaudited 2Q 2008 RMB'000	Unaudited 2Q 2007 RMB'000
Revenue				
- International marketplace	933,522	696,751	469,358	371,983
- China marketplace	481,643	260,965	265,726	141,826
Total revenue	1,415,165	957,716	735,084	513,809
Cost of revenue	(170,564)	(122,717)	(91,638)	(65,317)
Gross profit	1,244,601	834,999	643,446	448,492
Sales and marketing expenses	(442,505)	(307,428)	(240,762)	(160,810)
Product development expenses	(74,049)	(58,278)	(37,457)	(31,014)
General and administrative expenses	(149,119)	(88,432)	(76,909)	(47,815)
Other operating income	72,074	691	50,819	444
Profit from operations	651,002	381,552	339,137	209,297
Finance income, net	163,621	18,198	115,073	9,826
Profit before income taxes	814,623	399,750	454,210	219,123
Income tax charges	(117,444)	(104,543)	(57,746)	(65,981)
Profit attributable to equity owners of our Company	697,179	295,207	396,464	153,142
Dividends	-	-	-	-
Earnings per share, basic (RMB)	RMB13.80 cents	RMB6.12 cents	RMB7.85 cents	RMB3.18 cents
Earnings per share, diluted (RMB)	RMB13.79 cents	RMB6.12 cents	RMB7.84 cents	RMB3.18 cents
Earnings per share, basic (HK\$ equivalent) (Note 3)	HK\$15.24 cents	HK\$6.18 cents	HK\$8.77 cents	HK\$3.22 cents
Earnings per share, diluted (HK\$ equivalent) (Note 3)	HK\$15.23 cents	HK\$6.18 cents	HK\$8.76 cents	HK\$3.22 cents

ADDITIONAL FINANCIAL DATA

	Unaudited 1H 2008 RMB'000	Audited 1H 2007 RMB'000 <i>(Note 2)</i>	Unaudited 2Q 2008 RMB'000	Unaudited 2Q 2007 RMB'000
Revenue				
International marketplace				
Gold Supplier	900,159	680,252	452,529	362,749
International TrustPass	18,276	15,146	9,282	7,881
Other revenue <i>(Note 4)</i>	15,087	1,353	7,547	1,353
	933,522	696,751	469,358	371,983
China marketplace				
China TrustPass	454,576	258,422	248,449	139,632
Other revenue <i>(Note 5)</i>	27,067	2,543	17,277	2,194
	481,643	260,965	265,726	141,826
Total	1,415,165	957,716	735,084	513,809
Recurring Free Cash Flow (Non-GAAP)				
Net cash generated from operating activities	590,926	564,407	303,672	235,497
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(41,280)	(47,004)	(27,475)	(24,824)
Non-recurring item	-	(499)	-	(499)
Total	549,646	516,904	276,197	210,174
Share based compensation	94,098	54,489	49,225	26,452
Cash and bank balance			5,772,480	5,273,552
Deferred revenue and customer advances			1,987,830	1,919,849

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.

Note 2. Comparatives figures have been reclassified to conform to the presentation of current period.

Note 3. The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of Renminbi 0.9056 to HK\$1.0000 for the six months ended June 30, 2008 (six months ended June 30, 2007: RMB0.9896 to HK\$1.0000). No representation is made that the RMB 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.

Note 4. Other revenue earned with respect to the international marketplace mainly represents commission income from Alibaba Software (Shanghai) Co., Ltd, a subsidiary of our Company's controlling shareholder, for cross-selling of Alisoft Export Edition to our customers.

Note 5. Other revenue earned with respect to the China marketplace mainly represents advertising fees paid by third party advertisers, some of which were earned through an agency arrangement with a subsidiary of our Company's controlling shareholder.