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ALIBABA.COM LIMITED

阿里巴巴網絡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1688)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2009

- ❖ Total revenue up 21% to RMB1,715 million, driven by strong acquisition of paying members.
- ❖ Gold Supplier members grew more than double by 137% to 70,453.
- ❖ China TrustPass members grew by 36% to 441,799.
- ❖ Strong growth in deferred revenue and customer advances by 37% to RMB2,719 million due to significant increase in paying members.
- ❖ Special dividend of HK\$1.01 billion, equivalent to 20 Hong Kong cents per share to commemorate the 10th anniversary of Alibaba.com.

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%
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%
International marketplace	9,462,705	5,614,887	+68.5%	8,623,701	+9.7%
China marketplace	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%
International marketplace	1,126,645	802,286	+40.4%	1,042,926	+8.0%
China marketplace	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%
Gold Supplier	70,453	29,766	+136.7%	55,810	+26.2%
International TrustPass	19,219	13,912	+38.1%	17,580	+9.3%
China TrustPass	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.

RESULTS

The board of directors (our "Board") of Alibaba.com Limited (our "Company" or "Alibaba.com") is pleased to announce the unaudited consolidated interim results of our Company and subsidiaries ("we", "us" or our "Group") for the six months ended June 30, 2009, together with comparative figures for the corresponding period in 2008. The financial statements for the six months ended June 30, 2009 have been reviewed by our audit committee and, by our auditors, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The auditors' review report will be included in the interim report.

SPECIAL DIVIDEND

In celebration of our 10th anniversary, our Board has resolved to pay a special dividend of 20 Hong Kong cents per share to our shareholders whose names appear on the register of members of our Company as of the close of business on August 31, 2009. This special dividend is expected to be paid to our shareholders on or around September 9, 2009. Going forward, the Board will regularly review our dividend policy having given due consideration of our cash position, distributable reserves and alternative investment opportunities in businesses that may further enhance shareholders' return in the long run.

CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed from Thursday, August 27, 2009 to Monday, August 31, 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the special dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with our branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, August 26, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Recent indicators from China pointed to further acceleration in overall economic growth, suggesting that green shoots in the economy have taken root. In the second quarter, the market in general took a more positive view of the economy as the latest data showed robust expansion in domestic demand and gradual improvement in exports. It is too soon to say whether a recovery is on solid ground as global demand remains weak, but evidence over the past few months has reinforced our view that Alibaba.com is delivering significant value to buyers and suppliers worldwide by providing a highly efficient B2B e-commerce platform to strengthen their resilience and competitiveness during market downturn.

Our prediction that the economic crisis would be a catalyst for greater penetration of e-commerce marketplaces proved to be prescient and the strategic moves taken since late 2008 to prepare our customers and ourselves for further growth are paying off. Our actions and ongoing investments to help small businesses weather the economic downturn are continuing to drive demand for our products and services. During the first half of 2009, we achieved sustained momentum in terms of healthy user and member growth on our both marketplaces, and we continue to deliver solid financial results.

In the first six months of 2009, around 4.7 million registered users, 895,010 storefronts and more than 99,400 paying members were added to our marketplaces. This growth, well ahead of the performances by our industry peers during the same period, is solid proof that our goal of expanded market leadership is being steadily realized. Our paying membership base expanded by 44% compared with a year ago and our total paying members has exceeded half a million. As of June 30, 2009, our combined marketplaces had an aggregate of 42.8 million registered users, 5.5 million storefronts and 531,471 paying members.

We continue to maintain an exceptionally strong financial position. Driven by strong growth in paying members, our deferred revenue increased substantially to RMB2.7 billion as of June 30, 2009, representing a 20.5% growth from the previous year end balance and a 36.8% year-on-year growth. On a quarterly basis, we are pleased to see that deferred revenue grew at an increasing rate, indicating the pace at which our business is growing. We continue to generate significant amount of recurring free cash flow amidst our plan to make voluntary investments for our future growth.

International marketplace

As of June 30, 2009, there were 9,462,705 registered users on our international marketplace and 1,126,645 storefronts. In the second quarter, registered users increased by 839,004 and storefronts grew by 83,719. The gathering momentum is a reflection that more buyers and sellers understand the benefits of e-commerce and are willing to try our services. This can be attributed to a greater brand awareness from our increased investment in marketing campaigns.

International marketplace operating data

	As of December 31,			As of June 30,	
	2006	2007	2008	2008	2009
Registered Users	3,115,153	4,405,557	7,914,630	5,614,887	9,462,705
Storefronts	514,891	697,563	965,747	802,286	1,126,645
Paying members ⁽¹⁾	29,525	39,536	59,164	43,678	89,672
Gold Supplier members	18,682	27,384	43,028	29,766	70,453
International TrustPass members	10,843	12,152	16,136	13,912	19,219

(1) Includes paying members with active storefront listings, as well as paying members who have paid membership package subscription fees but whose storefronts have not been activated.

Geographic distribution of registered users (other than China) of our international marketplace as of June 30, 2009

	Country or region	Number of registered users in country or region	Percentage of total registered users of our international marketplace
1	United States	1,498,498	15.8%
2	India	1,045,251	11.0%
3	European Union ⁽¹⁾	922,654	9.8%
4	United Kingdom	453,962	4.8%
5	Indonesia	249,368	2.6%

(1) Excludes the United Kingdom.

Gold Supplier

We are pleased to see that Gold Supplier membership grew at a sustainable pace and the momentum continued into the second quarter of 2009. We posted record high quarterly net addition of 14,643 Gold Supplier members in the second quarter, bringing the total number of Gold Supplier members to 70,453 as of June 30, 2009. We believe that Gold Supplier Starter Pack not only addresses the needs of our existing export customers, but also opens up an untapped market of small exporters in China. As impact of the new product launch tapers off, it will be reasonable to expect Gold Supplier customer net addition to normalize and settle into more moderate levels in the second half of the year, with an expectation for membership renewals of the first batch of Starter Pack members in the fourth quarter.

Since launching the Gold Supplier Starter Pack in the fourth quarter in 2008, our paying membership has more than doubled. New members normally require a few quarters to acclimate to basic functions and e-commerce operations before investing in additional services and we expect value-added services ("VAS") revenue to grow over time. We are not aggressively selling the VAS as our primary focus in the near term is to accelerate membership acquisition and improve customer satisfaction.

International TrustPass and overseas expansion

In the second quarter, International TrustPass members increased by 1,639 to reach 19,219. In May 2009, we announced the offering of the Gold Supplier membership package to small businesses outside Greater China. Starting from July 1, 2009, the Gold Supplier international edition replaced the existing International TrustPass. 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. The launch of Gold Supplier international edition enhanced user experience and addressed the increasingly sophisticated requirement from suppliers. We expect this initiative to diversify our concentration in China, and drive paying membership and revenue growth globally in the long term.

In India and Japan, we continued to make good progress in growing 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 Co., Ltd. ("Alibaba Japan"), started to monetize in the second quarter of 2009 by introducing "Japan Link" to the Chinese suppliers, which provides access to Japanese buyers through our Japanese-language website. Meanwhile, Japanese suppliers who would like to leverage on our platform to sell to the rest of the world can also become Gold Supplier international edition members. We continue to pursue the overseas expansion strategy step by step. As of the end of June 2009, we have signed up either strategic or channel partners in countries including India, Japan, Malaysia, Indonesia, Korea, Vietnam and Turkey. We believe suppliers beyond China presented an enormous opportunity to our business development in the long run, and we will continue to identify key regions with promising growth potential for further development.

China marketplace

Our China marketplace continued to enjoy healthy growth in the first six months. Registered users rose by 3,157,808 to 33,318,513 as of June 30, 2009. During the same period, storefronts grew by 734,112 to 4,382,615. In the second quarter, we achieved 33,614 net addition of China TrustPass paying members, bringing the total to 441,799 as of June 30, 2009.

China marketplace operating data

	As of December 31,			As of June 30,	
	2006	2007	2008	2008	2009
Registered Users	16,649,073	23,194,402	30,160,705	26,908,403	33,318,513
Storefronts	1,557,874	2,259,283	3,648,503	2,968,328	4,382,615
Paying members ⁽¹⁾	189,573	266,009	372,867	324,328	441,799

(1) Includes paying members with active storefront listings, as well as paying members who have paid membership package subscription fees but whose storefronts have not been activated.

Paying member growth was well on track. In July 2009, after we have launched the China TrustPass for Individuals for one year, we upgraded this product to make it on par with the China TrustPass corporate membership. At the same time, the pricing was revised to RMB2,800 from RMB2,300. We decided on the service upgrade as feedback from individual edition members clearly indicated that they value the service and results provided by our marketplace and requested the same level of exposure and services as the China TrustPass corporate membership.

In line with our initiatives to provide more VAS that meet customers' 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 AnalyzerTM", aim to provide additional functionalities. In addition to these VAS, we launched "Ali-ADvanceTM" in March 2009 and the progress so far has been on track. We expect moderate growth in user adoption in the near term as we optimize its operation and as customers become familiar with the new product. Ali-ADvanceTM will help improve the efficiency of suppliers' marketing efforts while allowing for better monetization of the ever-increasing user traffic on our China Marketplace.

Seeing the need for business people to develop, manage and leverage on the business network that they established on our platform, we launched a Business Network Service (BNS, or "Renmaitong") on our China marketplace in the second quarter. Renmaitong assists users to conveniently manage existing business relationships. More importantly, it helps to identify, capture and refer potential business opportunities to users through analyzing visitor's clicks and behavior on our marketplace, allowing buyers and suppliers to realize the power of the community and the network effect on our marketplace for further expansion of their business network.

Alibaba.com's small business loan-assistance program ("Ali-loan") is exclusively offered to our paying members, continued to gain traction. In 2009, we rolled out the program to Zhejiang and Shanghai as well as extended the number of partnering banks. As of June 30, 2009, around 1,400 of our customers benefited from this program and the partner banks have issued more than RMB2.6 billion in loans. The Ali-loan program will expand to more cities and provinces later in the year. In the current economic climate, our Ali-loan program increasingly demonstrated its value in helping business development and also highlighted the value of Alibaba.com membership.

As e-commerce became more widely adopted, we saw increasingly more synergies between Alibaba.com and Taobao. Since April 2009, we have launched the wholesale platform on our China marketplace, allowing small businesses such as Taobao retailers to source products at low price in small quantity and transact on the platform. In May 2009, we hosted our first Net Products Trade Fair in Guangzhou, connecting wholesalers and retailers on Alibaba.com and Taobao in an effort to advance their businesses through cross-platform relationships.

Overall, the customer base expanded quickly, and the increased diversity in VAS helped us steer towards a more performance-driven revenue model.

Sales and customer services

As of June 30, 2009, we had more than 3,500 field sales people for Gold Supplier, around 1,400 telephone sales people for China TrustPass and around 1,100 customer service staff. We have strengthened our sales team both in terms of their productivity and the quality of services provided to achieve our goal of expanding market leadership as well as enhancing customer satisfaction.

New corporate campus in Hangzhou

We have recently moved all operations to our new corporate campus in Binjiang, which was completed on time and below our original budget due to our effective cost control. From now on, all of our business units will work together in this new campus and we believe that this will further enhance our operational efficiency.

Employees

As of June 30, 2009, the total number of employees of our Group was 9,289 (June 30, 2008: 5,925) and the related staff costs, including directors' emoluments, for the first half of 2009 was RMB711.2 million (first half of 2008: RMB463.4 million). We normally review performance of our employees on a quarterly basis and adjust their compensation with reference to the performance and market annually.

FINANCIAL REVIEW

We continued to report a significant increase in the number of paying members of our combined marketplaces. As of June 30, 2009, we had 531,471 **paying members**, representing a 44.4% increase from June 30, 2008. As a result of this increase, **total revenue** was RMB1,714.9 million in the first half of 2009, representing a 21.2% increase from the same period in 2008.

Revenue from our international marketplace increased to RMB1,080.3 million in the first half of 2009, representing a 15.7% increase from the same period in 2008. The growth was primarily due to the increase in the number of Gold Supplier Starter Pack members as well as the growth in our International TrustPass membership.

Revenue from our China marketplace increased to RMB634.6 million in the first half of 2009, representing a 31.8% increase from the same period in 2008. The growth was mainly attributable to the increase in paying members as well as the increase in VAS. The newly launched pay-for-performance keyword bidding service Ali-ADvance™ continued to perform as expected in the second quarter of 2009.

Gross profit increased to RMB1,475.1 million, up 18.5% from RMB1,244.6 million in the first half of 2008. **Gross margin** declined slightly from 87.9% in the same period last year to 86.0%. The margin reduction has been an ongoing result since 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 expenses and customer training as a percentage of revenue.

Total operating expenses were RMB982.8 million in the first half of 2009, representing a 47.6% increase from RMB665.7 million in the same period last year due to increased investment in customers, people and technology to achieve our previously announced strategy of expanding our market leadership by growing paying member base and enhancing technology. As a result, we increased hiring and performance-based incentive compensation to drive these initiatives. In addition, we also invested more in marketing during the first half of 2009 to enhance our brand awareness and to acquire buyers and sellers. As planned, we expect the investment in marketing to steadily increase in the second half of the year.

Profit from operations (which represents profit from operations after deducting share-based compensation expense) was RMB564.4 million for the first six months of 2009, representing a 13.3% decrease from the same period last year. Our **operating profit margin** was 32.9% in the period, a decrease from 46.0% in the first half of 2008, 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 RMB652.8 million for the first six months of 2009, down 12.4% from the same period last year. **Operating margin excluding share-based compensation expense (non-GAAP)** was 38.1%, a decrease from 52.7% in the same period in 2008 due to the reasons stated above.

Net finance income was RMB74.7 million, a decrease of RMB88.9 million from RMB163.6 million in the first half of last year due to lower interest income and exchange gain. Affected by the global economic downturn, interest rates on bank deposits were lower in current period, resulting in a much lower interest income despite a higher average cash balance during the period. In addition, exchange gains of RMB36.1 million were reported in the first half of 2008 mainly from the revaluation gain of Australian dollars term deposits then held.

Share of losses of associated companies, net of tax was RMB20.8 million for the first six months of 2009. The loss represented our share of the pre-operating expenses incurred by Alibaba Japan. No such loss was recorded in the same period last year as Alibaba Japan became our associated company in May 2008 and we record our share of the results of Alibaba Japan one quarter in arrears in our consolidated income statement.

Income tax charges decreased by 11.3% from RMB117.4 million in the same period in 2008 to RMB104.1 million. Our effective tax rate was 16.8% for the first six months of 2009, compared to 14.4% in the same period in 2008. This was higher than the income tax rate of 15% applicable to Alibaba (China) Technology Co., Ltd. ("Alibaba China"), our major operating subsidiary, primarily because the share-based compensation expense that we incurred was not tax deductible. Excluding the effect of the share-based compensation, our effective tax rate would have been 14.7% for the period. Excluding the one-time capital gain of the deemed disposal of our Japan operation and the share-based compensation expense, our effective tax rate would have been 13.5% for the same period in 2008.

Net income (Profit attributable to equity owners) for the six months ended June 30, 2009 was RMB514.1 million, a decrease of 26.3% from the same period in 2008. The decrease was a result of our ongoing investments in customers, people and technology innovation to expand our market leadership position and to position ourselves for future growth. Net income decrease was also affected by lower exchange gains and the one-time deemed disposal gain from dilution of Alibaba Japan recorded in the first half of 2008. Excluding the effect of such, the decrease of net income would have been 17.1% from the same period last year.

Earnings per share, basic and diluted were 11.57 Hong Kong cents and 11.51 Hong Kong cents respectively, compared to 15.24 Hong Kong cents and 15.23 Hong Kong cents, for basic and diluted, respectively in the first half of 2008.

Deferred revenue and customer advances were RMB2,718.8 million as of June 30, 2009, representing a 36.8% increase from RMB1,987.8 million as of June 30, 2008. The increase was mainly due to the strong growth in the total number of paying members as a result of the successful launch of Gold Supplier Starter Pack and the upgrade of our existing Gold Supplier service in November 2008 as well as the continued healthy growth of our China marketplace.

Recurring free cash flow (non-GAAP) for the six months ended June 30, 2009 was RMB769.6 million, representing a 40.0% increase from the same period in 2008. The increase 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, 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.

OUTLOOK

We continue to take a cautious view on the global economy in the near term. Although China economy has seen some encouraging recovery, we have yet to see a solid rebound of global consumption. Amidst the challenging macro environment, we are optimistic about the outlook of e-commerce and our company. We are glad to see that more and more buyers and suppliers around the world are realizing the irreversible e-commerce trend, especially in economic downturns and a more challenging and competitive business environment.

Our strategic decision to upgrade our business model by making voluntary investments in customers, people and technology innovation this year started to deliver results. In the second half of the year, we will continue to pursue our path as planned. Compared to the first half of 2009, marketing effort will be stepped up in the third and fourth quarter sequentially.

The September of this year is the 10th anniversary of Alibaba.com. Our past 10 years have proved the power of e-commerce to generate business opportunities for small businesses and entrepreneurs. In the coming 10 years, we believe e-commerce can achieve much beyond serving the sales and marketing function for suppliers. 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, namely 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. Our new ten-year vision, our strategic deployment, our new company structure and our new campus in Binjiang give us both operational hardware and structure to make Alibaba.com a platform that truly addresses small businesses’ daily business needs, and to develop the business from “Meet at Alibaba” to “Work at Alibaba”.

WEI Zhe, David
Chief Executive Officer

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2009**

		Six months ended June 30,	
	Notes	2009 RMB'000	2008 RMB'000
Revenue			
International marketplace	4	1,080,325	933,522
China marketplace	4	634,577	481,643
Total revenue		1,714,902	1,415,165
Cost of revenue		(239,760)	(170,564)
Gross profit		1,475,142	1,244,601
Sales and marketing expenses		(667,044)	(442,505)
Product development expenses		(136,432)	(74,049)
General and administrative expenses		(179,309)	(149,119)
Other operating income, net	5	72,076	72,074
Profit from operations	6	564,433	651,002
Finance income, net	7	74,672	163,621
Share of losses of associated companies, net of tax		(20,827)	-
Profit before income taxes		618,278	814,623
Income tax charges	8	(104,138)	(117,444)
Profit attributable to equity owners of our Company		514,140	697,179
Special cash dividends	9	888,512	-
Earnings per share, basic (RMB)	10	RMB10.20 cents	RMB13.80 cents
Earnings per share, diluted (RMB)	10	RMB10.14 cents	RMB13.79 cents
Earnings per share, basic (HK\$)⁽ⁱ⁾	10	HK\$11.57 cents	HK\$15.24 cents
Earnings per share, diluted (HK\$)⁽ⁱ⁾	10	HK\$11.51 cents	HK\$15.23 cents

(i) The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8813 to HK\$1.0000 for the six months ended June 30, 2009 (six months ended June 30, 2008: RMB0.9056 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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2009**

	Six months ended June 30,	
	2009 RMB'000	2008 RMB'000
Profit attributable to equity owners of our Company	514,140	697,179
Other comprehensive income:		
Currency translation differences	522	(21,969)
Net fair value gains on available-for-sale investments	2	-
Total comprehensive income attributable to equity owners of our Company	514,664	675,210

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2009**

	Notes	June 30, 2009 RMB'000	December 31, 2008 RMB'000
ASSETS			
Non-current assets			
Lease prepayment		28,209	28,502
Property and equipment		616,356	375,975
Interests in associated companies		12,666	31,719
Deferred tax assets		343,046	310,025
Available-for-sale investments	11	20,002	-
Prepayments, deposits and other receivables		6,253	10,768
Direct selling costs	12	21,228	15,288
Total non-current assets		1,047,760	772,277
Current assets			
Amounts due from related companies		23,327	12,678
Prepayments, deposits and other receivables		136,414	186,476
Direct selling costs	12	425,451	309,175
Available-for-sale investments	11	210,000	-
Term deposits with original maturities of over three months	13	5,867,003	3,923,373
Cash and cash equivalents	13	1,234,040	2,688,951
Total current assets		7,896,235	7,120,653
Total assets		8,943,995	7,892,930
EQUITY			
Capital and reserves			
Share capital		485	486
Reserves			
Special cash dividends		888,512	-
Other reserves		4,612,658	4,967,923
Total equity		5,501,655	4,968,409
LIABILITIES			
Non-current liabilities			
Deferred revenue	14	129,207	106,340
Current liabilities			
Deferred revenue and customer advances	14	2,589,566	2,150,531
Trade payables	15	4,641	15,576
Amounts due to related companies		39,385	69,503
Other payables and accruals		559,610	425,848
Current income tax liabilities		119,931	156,723
Total current liabilities		3,313,133	2,818,181
Total liabilities		3,442,340	2,924,521
Total equity and liabilities		8,943,995	7,892,930
Net current assets		4,583,102	4,302,472
Total assets less current liabilities		5,630,862	5,074,749

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
Net cash generated from operating activities	830,006	590,926
Net cash used in investing activities	(2,215,250)	(2,664,522)
Net cash used in financing activities	(69,792)	(63,021)
Net decrease in cash and cash equivalents	(1,455,036)	(2,136,617)
Cash and cash equivalents at beginning of period	2,688,951	4,321,170
Effect of exchange rate for the period	125	(2,073)
Cash and cash equivalents at end of period (note 13)	1,234,040	2,182,480
	June 30,	June 30,
	2009	2008
	RMB'000	RMB'000
Analysis of cash and bank balances		
Cash and cash equivalents	1,234,040	2,182,480
Term deposits with original maturities of over three months	5,867,003	3,590,000
	7,101,043	5,772,480

1 General information

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on September 20, 2006 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and reissued) of the Cayman Islands. Our Company is an investment holding company and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered address of our Company is Fourth Floor, One Capital Place, P.O. Box 847GT, Grand Cayman, Cayman Islands. As of the date of this report, the ultimate holding company of our Group is Alibaba Group Holding Limited, a company incorporated in the Cayman Islands.

Our Group is principally engaged in the provision of software, technology and other services on the online business-to-business ("B2B") marketplaces with the uniform resource locators www.alibaba.com and www.alibaba.com.cn and under the trade name "Alibaba" (the "B2B services").

This condensed consolidated interim financial information (the "Interim Financial Statements") has been approved for issue by our Board on August 13, 2009.

2 Basis of preparation

The Interim Financial Statements were prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Statements" issued by the International Accounting Standards Board.

The Interim Financial Statements should be read in conjunction with our annual consolidated financial statements for the year ended December 31, 2008 (the "2008 Financial Statements") as set out in our 2008 annual report dated March 19, 2009. The 2008 Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

Except as described below in Notes 2.1 and 2.2, the accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those set out in the 2008 Financial Statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. Those areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial statements, were detailed in the 2008 Financial Statements.

2 Basis of preparation (Continued)

We have adopted the following new/revised IFRS standards and interpretations for our accounting periods commencing January 1, 2009:

		<u>Effective for annual periods beginning on or after</u>
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IAS 1 (Revised)	Presentation of Financial Statements	January 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IFRSs (Amendments)	Improvements to IFRSs	January 1, 2009
Amendments to IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	January 1, 2009
Amendment to IFRS 2	Share-based Payment Vesting Conditions and Cancellations	January 1, 2009
Amendments to IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosure	January 1, 2009

The adoption of the above new/revised IFRS standards and interpretations did not have any material impact on our Interim Financial Statements except for disclosure and has not led to any changes in our accounting policies except elsewhere disclosed.

The following new standards, interpretations and amendments to the existing standards have been published but have not come into effect for the financial year beginning January 1, 2009:

		<u>Effective for annual periods beginning on or after</u>
Amendments to IFRIC 9 and IAS 39	Embedded Derivatives	June 30, 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements	July 1, 2009
IFRS 3 (Revised)	Business Combination	July 1, 2009
Amendment to IAS 39	Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	July 1, 2009
IFRIC 17	Distribution of Non-cash Assets to Owners	July 1, 2009
IFRIC 18	Transfer of Assets from Customers	July 1, 2009

We have not early adopted any of the above new standards, interpretations and amendments to the existing standards. We are in the process of making an assessment of their impact and are not yet in a position to state what impact they would have on our results of operations and financial positions.

2.1 Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive management committee that makes strategic decisions.

2.2 Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. These investments are initially recognized in the balance sheet at fair value plus transaction costs and measured at each subsequent reporting date at fair value. Changes in fair value are dealt with as movements in the investment revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in income statement. Dividends from available-for-sale investments are recognized when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognized in the investment revaluation reserve is recognized in the income statement.

Changes in fair value of monetary investments denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in amortized cost of the investment and other changes in the carrying amount of the investment. The translation differences on monetary investments are recognized in the income statement; translation differences on non-monetary investments are recognized in equity.

3 Segment information

We determine our operating segments based on the reports reviewed by our chief operating decision-maker that are used to make strategic decisions, assess performance and allocate resources. In the respective periods presented, we had one single operating segment, namely the provision of the B2B services. Although the B2B services consist of the operations of the international marketplace and the China marketplace, our chief operating decision-maker considers that these underlying marketplaces are subject to similar risks and returns. Therefore, it has only relied on the reported revenue associated with these underlying marketplaces in making financial decisions and allocating resources. Significant costs incurred associated with the revenue generated are not separately identified by marketplaces for the review of our chief operating decision-maker.

4 Revenue

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
International marketplace		
Gold Supplier	1,052,454	900,159
International TrustPass	27,871	18,276
Other revenue ⁽ⁱ⁾	-	15,087
	1,080,325	933,522
China marketplace		
China TrustPass	605,779	454,576
Other revenue ⁽ⁱⁱ⁾	28,798	27,067
	634,577	481,643
	1,714,902	1,415,165

(i) Other revenue earned with respect to the international marketplace in 2008 mainly represented commission income from a subsidiary of our controlling shareholder, for cross-selling certain software products to our customers. In November 2008, this re-selling function was handed back to the subsidiary of our controlling shareholder.

(ii) 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 controlling shareholder.

5 Other operating income, net

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
Government grants ⁽ⁱ⁾	56,638	16,570
Reimbursement from fellow subsidiaries ⁽ⁱⁱ⁾	8,954	7,984
Others	6,484	6,239
Gain on disposal of the Japan operation ⁽ⁱⁱⁱ⁾	-	41,281
	72,076	72,074
	72,076	72,074

- (i) Alibaba China, our wholly-owned subsidiary, received grants from government authorities in the PRC in relation to technology development in the PRC.
- (ii) Reimbursement from fellow subsidiaries represented amounts received for the provision of administrative and technology services, and sharing of office space. The reimbursement charges were calculated based on actual cost incurred or actual cost incurred plus a certain margin.
- (iii) Alibaba Japan, our wholly-owned subsidiary before the transaction mentioned below, engages in the provision of Japanese language B2B services on a site with the uniform resource locator www.alibaba.co.jp. On May 30, 2008, we entered into an agreement with SOFTBANK CORP. ("SOFTBANK") under which SOFTBANK made a cash investment into Alibaba Japan for a 64.7% interest. As a result of the disposal of the Japanese business, a gain, net of related expenses, of RMB41,281,000 was recognized in the "other operating income, net" for the six months ended June 30, 2008.

6 Profit from operations

Profit from operations was stated after crediting/charging the following:

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
		(Note 16)
Crediting:		
Gain on disposal of the Japan operation (Note 5(iii))	-	41,281
Gains on disposals of property and equipment	-	662
	-	41,943
Charging:		
Staff costs	711,206	463,399
Depreciation expense of property and equipment	49,319	37,468
Operating lease rentals	37,094	25,335
Auditors' remuneration	2,787	1,179
Amortization of lease prepayment	293	293
Losses on disposals of property and equipment	43	-
	799,732	537,674
	799,732	537,674

7 Finance income, net

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
Interest income	74,348	127,514
Exchange gains	324	36,107
	74,672	163,621
	74,672	163,621

8 Income tax charges

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
PRC current tax charge	137,159	120,585
Deferred tax credit	(33,021)	(3,141)
	<u>104,138</u>	<u>117,444</u>

Income tax expense was recognized based on our best estimate of the projected full year annual effective income tax rate.

Current income tax charge primarily represents the provision for PRC Enterprise Income Tax ("EIT") for subsidiaries operating in the PRC. These subsidiaries are subject to EIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC.

On March 16, 2007, the National People's Congress approved the PRC Enterprise Income Tax Law (the "New EIT Law"). The New EIT Law, which became effective from January 1, 2008, unifies the corporate income tax rate for domestic enterprises and foreign invested enterprises to 25%. In addition, the New EIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). In 2008, Alibaba China, our principal operating entity, was formally designated as a HNTE under the New EIT Law. As a result, Alibaba China is subject to EIT at 15% in 2008 and 2009.

In addition, Alibaba China Software Co., Ltd. (阿里巴巴(中國) 軟件有限公司) ("Alibaba Software"), another major PRC operating subsidiary, was recognized as a "Software Enterprise" pursuant to Caishui [2008] No.1 under the New EIT Law in 2008. Under such tax circular, a "Software Enterprise" can enjoy a tax holiday of full exemption from EIT for the first two years and fifty percent reduction in EIT thereafter for three years, starting from the company's first profit-making year. Since 2008 was the first profit-making year of Alibaba Software, it enjoys full exemption from EIT in 2008 and 2009.

All our other PRC entities are subject to EIT at 25% in 2008 and 2009 in accordance with the New EIT Law.

9 Special cash dividends

	Six months ended June 30,	
	2009	2008
	RMB'000	RMB'000
Special cash dividends	<u>888,512</u>	<u>-</u>

On August 13, 2009, our Company declared a special cash dividend of 20 Hong Kong cents per ordinary share, or approximately HK\$1,010,000,000 (RMB888,512,000 equivalent) in aggregate (2008: Nil).

10 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity owners of our Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended June 30,	
	2009	2008
Profit for the period attributable to equity owners of our Company (RMB'000)	514,140	697,179
Weighted average number of ordinary shares in issue (thousand shares)	5,041,865	5,052,357
Earnings per share, basic (RMB)	RMB10.20 cents	RMB13.80 cents
Earnings per share, basic (HK\$ equivalent) ⁽ⁱ⁾	HK\$11.57 cents	HK\$15.24 cents

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period on the assumption that potentially dilutive share options and restricted share units ("RSUs") we have granted (collectively forming the denominator for computing the diluted earnings per share) are converted into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of our shares during the period) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares so calculated is compared against the number of shares that would have been issued assuming the exercise of the share options and RSUs. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings (the numerator).

	Six months ended June 30,	
	2009	2008
Profit for the period attributable to equity owners of our Company (RMB'000)	514,140	697,179
Weighted average number of ordinary shares in issue (thousand shares)	5,041,865	5,052,357
Adjustments for share options and RSUs (thousand shares)	29,605	3,793
Weighted average number of ordinary shares for the calculation of diluted earnings per share (thousand shares)	5,071,470	5,056,150
Earnings per share, diluted (RMB)	RMB10.14 cents	RMB13.79 cents
Earnings per share, diluted (HK\$ equivalent) ⁽ⁱ⁾	HK\$11.51 cents	HK\$15.23 cents

- (i) The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8813 to HK\$1.0000 for the six months ended June 30, 2009 (six months ended June 30, 2008: RMB0.9056 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.

11 Available-for-sale investments

	June 30, 2009 RMB'000	December 31, 2008 RMB'000
Non-current portion		
Unlisted debt securities in the PRC, at fair value	20,002	-
Current portion		
Unlisted debt securities in the PRC, at fair value	210,000	-
	<u>230,002</u>	<u>-</u>

12 Direct selling costs

Upon the receipt of service fees from paying members, we are obligated to pay certain costs related to the receipt of such service fees which primarily comprise sales commissions. The service fees are initially deferred and recognized in the income statement in the period in which the services are rendered (Note 14). As such, the related costs are also initially deferred and recognized in the income statement in the same period as the related service fees are recognized.

13 Cash and bank balances

	June 30, 2009 RMB'000	December 31, 2008 RMB'000
Cash at banks and on hand	228,553	341,027
Term deposits and short-term highly liquid investments with original maturities of three months or less	1,005,487	2,347,924
Cash and cash equivalents	1,234,040	2,688,951
Term deposits with original maturities of over three months	5,867,003	3,923,373
	<u>7,101,043</u>	<u>6,612,324</u>

14 Deferred revenue and customer advances

Deferred revenue and customer advances represent service fees prepaid by paying members for which the relevant services have not been rendered. The respective balances were as follows:

	June 30, 2009 RMB'000	December 31, 2008 RMB'000
Customer advances	533,633	470,392
Deferred revenue	2,185,140	1,786,479
	<u>2,718,773</u>	<u>2,256,871</u>
Less: Current portion	(2,589,566)	(2,150,531)
	<u>129,207</u>	<u>106,340</u>

All service fees received in advance are initially recorded as customer advances. These amounts are transferred to deferred revenue upon commencement of the rendering of services by our Group and are recognized in the income statement in the period in which the services are rendered. In general, service fees received in advance are non-refundable after such amounts are transferred to deferred revenue.

15 Trade payables

The aging analysis of trade payables was as follows:

	June 30, 2009 RMB'000	December 31, 2008 RMB'000
0 - 30 days	4,371	11,691
31 days - 60 days	46	1,785
61 days - 90 days	36	753
Over 90 days	188	1,347
	<u>4,641</u>	<u>15,576</u>

16 Comparatives

Certain comparative figures have been reclassified to conform to the presentation of the current period.

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 rate or at all.

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (CONTINUED)

	Q2 2009 RMB'000	Q1 2009 RMB'000	Q2 2009 RMB'000	Q2 2008 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 RMB'000	Q1 2009 RMB'000	Q2 2009 RMB'000	Q2 2008 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

LIQUIDITY AND CAPITAL RESOURCES

Treasury management

Our treasury department, which reports to our chief financial officer, monitors our current and expected liquidity requirements in accordance with the policies and procedures approved by our Board. We have adopted prudent treasury management objectives, which include maintaining sufficient liquidity to meet our various funding requirements in accordance with our strategic plans while aiming to achieve a better return on our cash and to hedge against any foreign currency exchange risk. It is our Group's policy not to invest our liquidity in financial products with significant underlying leverage or derivative exposure.

Foreign currency exchange exposure

Foreign currency exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate our businesses in different countries, substantially all of our revenue-generating and expense-related transactions are denominated in Renminbi which is our functional currency and that of most of our subsidiaries. Renminbi is not freely convertible into other foreign currencies. All foreign currency exchange transactions in China must be effected through the State Administration of Foreign Exchange to buy and sell foreign currencies. We hold a considerable amount of our cash and bank balances in currencies other than Renminbi. Such foreign currency-denominated cash and bank balances are exposed to fluctuations in the value of Renminbi against the currencies in which these cash and bank balances are denominated. Any significant appreciation of Renminbi against these foreign currencies may result in significant exchange loss which would be recorded in our income statement. We prudently managed our foreign exchange risk and recorded an exchange gain of RMB0.3 million for the six months ended June 30, 2009.

Interest rate exposure

We have no interest-bearing borrowings. Our exposure to changes in interest rates is mainly attributable to our interest-bearing assets including term deposits with original maturities of over three months and cash and cash equivalents.

Credit risk exposure

We consider our credit risk to be minimal as a substantial part of our income is prepaid by a diversified group of customers. The extent of our credit risk exposure is mainly represented by the aggregate of cash and other investments we hold at banks and at other financial institutions. All of our cash and other investments are placed with financial institutions of sound credit quality and most of which bears maximum original maturities of less than 12 months.

Capital structure

We continue to maintain a strong financial position from healthy growth in recurring free cash flow from operations. In addition, as mentioned previously, we have been cautiously managing our cash to maintain a favorable return and to minimize any foreign exchange risk. As of June 30, 2009, we had cash and bank balances of RMB7,101.0 million, which was RMB488.7 million or 7.4% higher than that as of December 31, 2008. As of June 30, 2009, our cash and bank balances comprised 78.6% (December 31, 2008: 75.2%) Renminbi; 21.2% (December 31, 2008: 24.3%) United States dollars; 0.2% (December 31, 2008: 0.4%) Hong Kong dollars; and an insignificant amount of other currencies (December 31, 2008: 0.1%). The weighted average annual return on our cash and bank balances was 2.2% in the first half of 2009 (first half of 2008: 4.7%).

As of June 30, 2009, our total assets were RMB8,944.0 million (December 31, 2008: RMB7,892.9 million), which were financed by shareholders' funds of RMB5,501.7 million (December 31, 2008: RMB4,968.4 million), current liabilities of RMB3,313.1 million (December 31, 2008: RMB2,818.2 million) and non-current liabilities of RMB129.2 million (December 31, 2008: RMB106.3 million). Of the total liabilities, RMB2,718.8 million (December 31, 2008: RMB2,256.9 million) represented deferred revenue and customer advances that we collected upfront from our customers. These upfront payments are included as liabilities because we have not yet provided services to earn the related revenue. Therefore, instead of imposing any obligations on us to pay customers, these liabilities provide an assured base for our future reported revenue. As of June 30, 2009, our deferred revenue and customer advances amounted to RMB2,718.8 million which was RMB461.9 million or 20.5% more than that as of December 31, 2008.

As of June 30, 2009, our Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to RMB3,129.8 million (December 31, 2008: RMB3,165.5 million).

Cash flow

Net cash generated from operating activities

Net cash generated from operating activities was RMB830.0 million in the first half of 2009, representing a 40.5% increase from RMB590.9 million in the same period last year. The increase proved the successful launch of the Gold Supplier Starter Pack and the upgrade of our existing Gold Supplier service in November 2008 as well as the continued healthy growth of our China marketplace.

Net cash used in investing activities

Net cash used in investing activities was RMB2,215.3 million in the first half of 2009 compared to RMB2,664.5 million in the same period in 2008. Net cash used in investing activities during the period primarily represented an increased placement of cash in term deposits with original maturities of over three months of RMB1,944.4 million (first half of 2008: RMB2,637.6 million).

Net cash used in financing activities

Net cash used in financing activities was RMB69.8 million in the first half of 2009, compared to RMB63.0 million in the first half of 2008. The outflow in 2009 mainly represented payments for the buy-back of our ordinary shares. In November 2008, we announced a share buy-back plan of up to HK\$2 billion of our ordinary shares through the end of 2009, subject to market conditions and at the discretion of our directors. During the first half of 2009, RMB69.8 million was paid for buying back our shares in the market (first half of 2008: Nil).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As of June 30, 2009, none of our assets were pledged and we did not have any material contingent liabilities or guarantees.

CODE ON CORPORATE GOVERNANCE PRACTICES

We are committed to maintaining and upholding good corporate governance in order to protect the interests of our customers, employees and shareholders. Our Board sets high standards for our employees, senior management and directors. We abide strictly by the laws and regulations of the PRC and the other jurisdictions where we operate, and we observe the guidelines and rules issued by regulatory authorities relevant to our business and our Company, including those issued by the PRC Ministry of Information Industry, the Hong Kong Securities and Futures Commission and the Stock Exchange.

Throughout the six months ended June 30, 2009, we have applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF OUR COMPANY

During the six months ended June 30, 2009, our Company purchased 11,000,000 ordinary voting shares of HK\$0.0001 each in the capital of our Company ("Shares") at prices ranging from HK\$5.47 to HK\$7.50 per Share on the Stock Exchange. The repurchases were made by our directors with a view to enhancing shareholder value in the long-term.

Particulars of the repurchases were as follows:

Date (MM/YYYY)	Number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration paid (excluding expenses) (HK\$)
01/2009	1,000,000	5.50	5.47	5,497,830
02/2009	10,000,000	7.50	6.94	73,424,875
Total	11,000,000			78,922,705

The repurchased Shares were cancelled and accordingly, the issued share capital of our Company was diminished by the nominal value thereof. The premium payable on repurchases was charged against the share premium account of our Company.

Save as disclosed above, neither our Company nor any of our subsidiaries purchased, sold or redeemed any of the listed securities of our Company during the six months ended June 30, 2009.

REVIEW OF FINANCIAL STATEMENTS

We have established an audit committee with written terms of reference. The principal duties of our audit committee include the review of our audit plan and process with the auditors, the independence of auditors, our financial statements and system of internal control. Our audit committee has three non-executive directors (two out of three are independent non-executive directors), namely KWAIK Teh Ming, Walter (committee chairman), TSAI Chung, Joseph and KWAN Ming Sang, Savio.

Our interim results for the six months ended June 30, 2009 were reviewed by our audit committee, which was of the opinion that the preparation of the interim results complied with the applicable accounting standards and requirements and that adequate disclosures were made. Our interim financial statements have not been audited but have been reviewed by our external auditors.

Hong Kong, August 13, 2009

As of the date of this announcement, the composition of our Board is as follows:

Chairman and Non-executive Director

MA Yun, Jack

Executive Directors

WEI Zhe, David
WU Wei, Maggie
LEE Shi-Huei
DENG Kangming
PENG Yi Jie, Sabrina

Non-executive Directors

TSAI Chung, Joseph
TSOU Kai-Lien, Rose
OKADA, Satoshi

Independent Non-executive Directors

NIU Gen Sheng
KWAIK Teh Ming, Walter
TSUEI, Andrew Tien Yuan
KWAN Ming Sang, Savio

A copy of this announcement is available on our website at <http://ir.alibaba.com>