



Alibaba.com Reports Robust Growth in Customers in Q1 2010

Customer-centric strategy yields solid financial results

Highlights

- *Registered users surged past 50 million milestone as of March 31, an addition of 2.5 million during Q1 2010 (an increase of 10 million year-on-year)*
- *China Gold Supplier paying members surpassed 100,000 milestone*
- *China marketplace registered a record net addition of more than 40,000 China TrustPass members during the quarter, driven by successful launch of new business initiatives*
- *Revenue grew 49.3 percent year-on-year to RMB1.2 billion (US\$178.7 million), driven in large part by strong acquisition of paying members*
- *VAS revenue growth reported steady growth, VAS revenue contribution to China Gold Supplier revenue exceeded 20 percent in Q1*
- *Profit attributable to equity owners increased 33.8 percent year-on-year to RMB 330.0 million (US\$48.3 million)*
- *Deferred revenue and customer advances grew 43.6 percent year-on-year to RMB3,567.9 million (US\$522.4 million) by the end of March 2010*
- *Continued strong financial liquidity, with recurring free cash flow (non-GAAP) increasing by 27.9 percent year-on-year to RMB438.4 million and cash balance increasing by 8.4 percent year-on-year to RMB7.5 billion (US\$1.1 billion)*

HONG KONG, May 13, 2010 – Alibaba.com Limited (HKSE:1688) (1688.HK), the world's leading small business e-commerce company, today announced solid financial results for the quarter ended March 31, 2010, that highlight how our small business customers benefit from the ongoing value creation of our products and services. In the first quarter of 2010, Alibaba.com's revenue increased more than 49 percent year-on-year, driven largely by strong net acquisition of paying members, while profit attributable to equity owners of the Company increased 33.8 percent year-on-year, and 17.4 percent quarter-on-quarter.

FINANCIAL HIGHLIGHTS (UNAUDITED)

	Q1 2009 RMB million (Restated)	Q1 2010 RMB million	YoY Change	Q4 2009 RMB million	QoQ Change
Revenue	817.4	1,220.6	+49.3%	1,105.7	+10.4%
Earnings before interest, taxes and amortization (EBITA)	260.5	374.6	+43.8%	260.1	+44.0%
Profit attributable to equity owners	246.7	330.0	+33.8%	281.2	+17.4%
Share-based compensation expense	40.0	51.1	+27.7%	57.5	-11.2%
Deferred revenue and customer advances	2,484.9	3,567.9	+43.6%	3,437.0	+3.8%
Recurring free cash flow	342.9	438.4	+27.9%	693.0	-36.7%
Earnings per share, basic (HK\$)	5.55 cents	7.45 cents	+34.2%	6.33 cents	+17.7%
Earnings per share, diluted (HK\$)	5.52 cents	7.37 cents	+33.5%	6.28 cents	+17.4%

OPERATIONAL HIGHLIGHTS

	Q1 2009	Q1 2010	YoY Change	Q4 2009	QoQ Change	Q1 2010 Net adds
Registered users	40,250,413	50,249,939	+24.8%	47,732,916	+5.3%	2,517,023
<i>International marketplace</i>	8,623,701	12,577,930	+45.9%	11,578,247	+8.6%	999,683
<i>China marketplace</i>	31,626,712	37,672,009	+19.1%	36,154,669	+4.2%	1,517,340
Storefronts	5,041,063	7,278,770	+44.4%	6,819,984	+6.7%	458,786
<i>International marketplace</i>	1,042,926	1,476,784	+41.6%	1,400,326	+5.5%	76,458
<i>China marketplace</i>	3,998,137	5,801,986	+45.1%	5,419,658	+7.1%	382,328
Paying members (Note 1)	481,575	658,701	+36.8%	615,212	+7.1%	43,489
<i>China Gold Supplier</i>	55,810	100,694	+80.4%	96,110	+4.8%	4,584
<i>Global Gold Supplier</i>	17,580	16,330	-7.1%	17,786	-8.2%	-1,456
<i>China TrustPass</i>	408,185	541,677	+32.7%	501,316	+8.1%	40,361

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: Certain comparative figures have been restated pursuant to the business combination under common control upon acquisition of the business management software division of Alisoft Holding Limited and its subsidiaries.

"We believe our strategic focus on putting customer needs first continues to help us achieve sustainable growth," said David Wei, CEO of Alibaba.com. "This type of consistency shows that our previous investments in helping our customers survive in trying times have paid off. The step-by-step growth of membership, then revenue then profit was the result of our successful business strategy, underpinned by strong execution while staying focused on creating value for small business customers in China and around the world."

Outlook

"We are cautiously optimistic in global economic recovery in the coming quarters and believe that the further pickup in external demand will benefit export-related business activities in China. Alibaba.com has proclaimed 2010 to be a "Year of Customer Service," and we remain committed to making improvements in our business model and product offerings in order to create value for our customers. We believe that these improvements will result in wider adoption of value-added services across our customer base, enhance membership retention and help our customers succeed in any economic climate," Wei added.

Significant New Products and Developments

AliExpress, our wholesale online transaction platform, was officially launched on the international marketplace on April 26, 2010, after a 7-month beta phase. The service is now open to both paying members and free members in China. We recently expanded online payment methods to offer wider choices, including bank remittance and PayPal for the added convenience of AliExpress buyers. We also announced a strategic partnership with UPS to provide discounted international shipping rates for AliExpress users. We will help small businesses seize even more opportunities through a planned US\$100 million investment in user acquisition, marketing, and technology infrastructure for AliExpress over the next few years. Our primary objective is to develop AliExpress into the leading online transaction platform for cross-border wholesale transactions.

We also announced the launch of the new "China TrustPass Basic" in April 2010, which is priced at RMB1,688 per year. It is positioned as an entry-level product that helps small businesses establish their first online presence and trust profile on Alibaba.com's e-commerce platform. This streamlined version will replace the original China TrustPass membership for new customers. At the same time, we have upgraded our most loyal members to "China TrustPass Limited Edition" membership. Limited edition memberships, with bundled VAS and marketing tools, remain priced at RMB2,800 per year, and are only available as renewals to original China TrustPass members.

2010 Q1 Financial and Operational Results

Paying Members and Revenue

We continued to report a significant increase in the number of paying members of our combined marketplaces despite normal seasonality of the first quarter. As of March 31, 2010, we had 658,701 **paying members** in total, representing a 36.8 percent increase from March 31, 2009, and a 7.1 percent increase from the end of previous quarter.

As of the end of the quarter, the number of China Gold Suppliers was 100,694, up 80.4 percent year-on-year, marking an outstanding milestone in helping Chinese exporters conduct business on the international marketplace. We successfully launched new business initiatives on the China marketplace that rendered a record net addition of 40,361 China TrustPass members during the period.

Deferred revenue and customer advances were RMB3,567.9 million (US\$522.4 million) as of March 31, 2010, representing a 43.6 percent increase from RMB2,484.9 million (US\$363.8 million) as of March 31, 2009, and a 3.8 percent increase from RMB3,437.0 million (US\$503.2 million) as of December 31, 2009. The increase was mainly due to the continued healthy growth in Gold Supplier membership and the strong growth of our China marketplace as we launched our new initiatives.

As a result of the increase in the number of paying members and the consolidation of HiChina's results, **total revenue** grew to RMB1,220.6 million (US\$178.7 million) in the first quarter of 2010,

representing a 49.3 percent increase from the same period of 2009 and a 10.4 percent increase from the fourth quarter of 2009.

International Marketplace

Q1 2010 **revenue from our international marketplace** increased to RMB718.9 million (US\$105.3 million) in the period, representing a 42.2 percent increase year-on-year and a 4.6 percent increase quarter-on-quarter. The growth was primarily due to the increase in the number of China Gold Supplier members and revenue from the sale of value-added services (“VAS”).

The number of China Gold Supplier members reached 100,694 as of March 31, 2010, representing an increase of 44,884 year-on-year and 4,584 quarter-on-quarter. Global Gold Supplier membership totaled 16,330 as of March 31, 2010, a decrease of 1,250 year-on-year and 1,456 quarter-on-quarter. The decline, which was expected, was due to the phasing out of the International TrustPass membership, which was replaced by Global Gold Supplier status in July 2009. Global Gold Supplier memberships includes enhanced products and services but at a higher price. We anticipate that membership growth rates will improve as customers acclimate to the new offering.

In the first quarter, the number of registered users on our international marketplace increased by 999,683 to reach 12,577,930 as of March 31, 2010, up 45.9 percent year-on-year. The number of storefronts grew by 76,458 to 1,476,784, up 41.6 percent year-on-year. The increased user base drove stronger user traffic and buyer activities on our marketplace.

During the quarter, we continued to help our members realize the full value that our platform can bring to them through various types of VAS. VAS revenue contribution to China Gold Supplier revenue exceeded 20% in the first quarter of 2010. We are convinced that VAS penetration and usage will continue to grow along with our membership base.

China Marketplace

Q1 2010 **revenue from the China marketplace** was RMB406.1 million (US\$59.5 million) in the period, a 34.9 percent increase year-on-year and flat from the fourth quarter of 2009.

The number of China TrustPass members reached 541,677, representing an increase of 133,492 year-on-year and 40,361 quarter-on-quarter, a record achievement due to the new business initiatives that we successfully launched during the period.

Registered users increased by 1,517,340 to 37,672,009 as of March 31, 2010, up 19.1 percent year-on-year. The number of storefronts increased by 382,328, or 7.1 percent quarter-on-quarter, to 5,801,986, up 45.1 percent year-on-year.

We announced a number of new initiatives on our China marketplace, including the revamp of the China site and the use of a new domain, 1688.com, to highlight the online wholesale transaction features of our marketplace. These, together with the marketing programs on our website such as “instant procurement” and “group procurement,” attracted strong buyer traffic to the marketplace.

In addition to the website upgrade, we announced the launch of the new “China TrustPass Basic” membership on the China marketplace in April 2010, which was a logical, natural extension of our strategic decision to introduce the Gold Supplier Starter Pack on the international marketplace. We have never changed our view that e-commerce in China has tremendous growth potential. Accelerating member acquisition in this barely penetrated market is of utmost strategic importance. Lowering the entry barrier to membership achieves two objectives. First, it speeds up the migration process of small businesses moving from offline to online to help small

businesses gain efficiencies and remove barriers to growth. This, in turn, helps Alibaba.com expand market leadership. Second, it helps advance our business to a performance-based model. While we lowered the entry-level membership fee, we also launched more VAS to address specific customer needs and requests. During the quarter, key VAS products such as Ali-ADvance and Premium Placement kept its momentum. The first quarter saw strong new customer growth; however, VAS revenue contribution to China TrustPass revenue remained at about 15 percent, indicating stronger demand of VAS from existing customers.

Financial Results

Gross profit increased by 45.7 percent year-on-year to RMB1,026.3 million (US\$150.3 million), compared with RMB704.2 million (US\$103.1 million) in the first quarter of 2009. Gross profit increased by 7.0 percent compared with the RMB958.9 million (US\$140.4 million) earned in the fourth quarter of 2009. Gross profit margin fell slightly to 84.1 percent in the period, compared with 86.2 percent in the same period last year and 86.7 percent in the fourth quarter of 2009. This was mainly due to a higher cost of revenue as a result of the inclusion of results from HiChina.

Total operating expenses were RMB706.1 million (US\$103.4 million) in the period, representing a 57.8 percent increase year-on-year from RMB447.5 million (US\$65.5 million) and a 3.8 percent decrease quarter-on-quarter from RMB733.9 million (US\$107.5 million). The increase year-on-year was mainly due to the first-time consolidation of the expenses incurred by HiChina and the extensive marketing campaign that we launched to promote brand awareness and new offerings on our China marketplace. The decrease in operating expenses compared with the previous quarter was mainly due to a seasonal decline in marketing expenses. Our **profit margin before interest, tax and amortization and share-based compensation expenses (“Pre-SBC EBITA margin”)** (non-GAAP) was 34.9 percent for the period, flat from 36.8 percent in the same period last year and an increase from 28.7 percent compared with that of the fourth quarter of 2009 due to a decrease in product and development expenses as a percentage of revenue. This decrease was due to better synergies with and cooperation among Alibaba Group companies. **EBITA before share-based compensation expenses** increased by 42% year-on-year to RMB425.7 million (US\$62.3 million) driven by our strong growth in revenue.

Profit attributable to equity owners for the first quarter of 2010 was RMB330.0 million (US\$48.3 million), an increase of 33.8 percent year-on-year and an increase of 17.4 percent quarter-on-quarter, primarily from the increase in revenue contributed by our larger paying customer base.

Earnings per share, basic and diluted, were 7.45 and 7.37 Hong Kong cents (0.95 and 0.94 US cents) respectively, compared with 5.55 and 5.52 Hong Kong cents (both 0.71 US cents) respectively in the first quarter of 2009 and 6.33 and 6.28 Hong Kong cents (both 0.81 US cents) respectively in the fourth quarter of 2009.

Recurring free cash flow (non-GAAP) in the period was RMB438.4 million (US\$64.2 million), representing a 27.9 percent increase year-on-year and a 36.7 decrease quarter-on-quarter, mainly due to the seasonal slower sign up of new members in the first quarter and the year-end bonus payout.

Cash and bank balances as of March 31, 2010 was RMB7,531.6 million (US\$1,102.7 million), representing an 8.4 percent increase year-on-year and a 4.4 percent increase quarter-on-quarter. As of March 31, 2010, 94.2 percent (December 31, 2009: 95.5 percent) 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.

About Alibaba.com Limited

Alibaba.com (HKSE: 1688) (1688.HK) is the global leader in e-commerce for small businesses and the flagship company of Alibaba Group. Founded in 1999 in Hangzhou, China, Alibaba.com makes it easy for millions of buyers and suppliers around the world to do business online through three marketplaces: a global trade platform (www.alibaba.com) for importers and exporters; a Chinese platform (www.1688.com) for domestic trade in China; and, through an associated company, a Japanese platform (www.alibaba.co.jp) facilitating trade to and from Japan. In addition, Alibaba.com offers a wholesale platform on the global site (www.aliexpress.com) geared for smaller buyers seeking fast shipment of small quantities of goods. Together, these marketplaces form a community of more than 50 million registered users in more than 240 countries and regions. Alibaba.com also offers business management software and Internet infrastructure services targeting businesses across China, and provides educational services to incubate enterprise management and e-commerce professionals. Alibaba.com has offices in more than 60 cities across Greater China, Japan, Korea, Europe and the United States.

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SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Q1 2009 RMB'000 (Restated)	Q1 2010 RMB'000	Q4 2009 RMB'000	Q1 2010 RMB'000
Revenue				
International marketplace	505,597	718,949	687,102	718,949
China marketplace	301,075	406,137	402,001	406,137
Others	10,700	95,524	16,616	95,524
Total revenue	817,372	1,220,610	1,105,719	1,220,610
Cost of revenue	(113,132)	(194,357)	(146,821)	(194,357)
Gross profit	704,240	1,026,253	958,898	1,026,253
Sales and marketing expenses	(293,472)	(466,246)	(481,640)	(466,246)
Product development expenses	(69,393)	(117,367)	(121,396)	(117,367)
General and administrative expenses	(84,631)	(122,467)	(130,853)	(122,467)
Other operating income, net	13,278	49,321	41,805	49,321
Profit from operations	270,022	369,494	266,814	369,494
Finance income, net	38,978	33,125	32,854	33,125
Share of losses of associated companies, net of tax	(11,027)	(3,802)	(7,916)	(3,802)
Profit before income taxes	297,973	398,817	291,752	398,817
Income tax charges	(51,296)	(68,719)	(10,599)	(68,719)
Profit for the period	246,677	330,098	281,153	330,098
Other comprehensive income:				
Net fair value gains on available-for-sale investments	-	240	160	240
Currency translation differences	5,342	(644)	354	(644)
Total comprehensive income for the period	252,019	329,694	281,667	329,694
Profit for the period attributable to:				
Equity owners of our Company	246,677	329,999	281,153	329,999
Non-controlling interest	-	99	-	99
Profit for the period	246,677	330,098	281,153	330,098
Total comprehensive income for the period attributable to:				
Equity owners of our Company	252,019	329,595	281,667	329,595
Non-controlling interest	-	99	-	99
Total comprehensive income for the period	252,019	329,694	281,667	329,694
Earnings per share, basic (RMB)	4.89 cents	6.55 cents	5.58 cents	6.55 cents
Earnings per share, diluted (RMB)	4.87 cents	6.48 cents	5.53 cents	6.48 cents
Earnings per share, basic (HK\$) (Note 3)	5.55 cents	7.45 cents	6.33 cents	7.45 cents
Earnings per share, diluted (HK\$) (Note 3)	5.52 cents	7.37 cents	6.28 cents	7.37 cents

Note 3: The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8793 to HK\$1.0000 for the first quarter of 2010 (first and fourth quarter of 2009: RMB0.8815 to HK\$1.0000 and RMB0.8809 to HK\$1.0000, respectively). 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 (UNAUDITED) (CONTINUED)

	Q1 2009 RMB'000 (Restated)	Q1 2010 RMB'000	Q4 2009 RMB'000	Q1 2010 RMB'000
Revenue				
International marketplace				
China Gold Supplier	492,721	699,336	669,159	699,336
Global Gold Supplier	12,876	19,613	17,943	19,613
	505,597	718,949	687,102	718,949
China marketplace				
China TrustPass	288,469	390,427	379,373	390,427
Other revenue (Note 4)	12,606	15,710	22,628	15,710
	301,075	406,137	402,001	406,137
Other revenue (Note 5)	10,700	95,524	16,616	95,524
Total	817,372	1,220,610	1,105,719	1,220,610
Recurring free cash flow (Non-GAAP)				
Net cash generated from operating activities	367,806	431,534	986,360	431,534
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(24,894)	(44,360)	(62,068)	(44,360)
One-off tax refund and others	-	51,259	(231,259)	51,259
Total	342,912	438,433	693,033	438,433
Share-based compensation expense	39,994	51,090	57,512	51,090
Amortization of intangible assets and lease prepayment	1,951	8,345	1,349	8,345
	As of March 31, 2009 RMB'000 (Restated)	As of March 31, 2010 RMB'000	As of December 31, 2009 RMB'000	As of March 31, 2010 RMB'000
Cash and bank balances	6,948,025	7,531,557	7,216,445	7,531,557
Deferred revenue and customer advances	2,484,924	3,567,882	3,436,975	3,567,882

Note 4: Other revenue earned with respect to our China marketplace mainly represents advertising fees paid by third party advertisers.

Note 5: Other revenue mainly represents revenue earned from the sale of Internet infrastructure and application services and certain software products.