

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

- ❖ Continued strong growth of registered users with an addition of 11.4 million users compared to September 30, 2009. Number of overall paying members, including those from HiChina, surpassed one million.
- ❖ Revenue grew by 40% to RMB1,449 million compared to Q3 2009, driven by growing paying member number, revenue from value-added services as well as consolidation of newly acquired businesses.
- ❖ EBITA margin (before share-based compensation expense) remained strong at 35.8% due to the accelerated growth of revenue from value-added services.
- ❖ Strong cash and bank position of RMB8.4 billion and Q3 recurring free cash flow grew 107% year-on-year.

FINANCIAL HIGHLIGHTS (UNAUDITED)	Q3 2009	Q3 2010	YoY	Q2 2010	QoQ
	RMB million	RMB million	Change	RMB million	Change
Revenue	1,032.4	1,449.3	+40.4%	1,366.2	+6.1%
Earnings before interest, taxes and amortization ("EBITA")	253.5	410.1	+61.8%	404.3	+1.5%
Profit attributable to equity owners	236.0	366.1	+55.1%	363.0	+0.9%
Share-based compensation expense	52.5	108.9	+107.6%	79.0	+37.9%
Deferred revenue and customer advances	2,968.5	3,868.9	+30.3%	3,721.8	+4.0%
Recurring free cash flow	353.6	731.9	+107.0%	483.3	+51.4%
Pre-share-based compensation expense EBITA margin (%)	29.6%	35.8%	+6.2%pts	35.4%	+0.4%pts
Earnings per share, basic (HK\$)	5.31 cents	8.33 cents	+56.9%	8.20 cents	+1.6%
Earnings per share, diluted (HK\$)	5.28 cents	8.27 cents	+56.6%	8.18 cents	+1.1%

OPERATIONAL HIGHLIGHTS	September 30, 2009	September 30, 2010	YoY	June 30, 2010	QoQ	Q3 2010
			Change		Change	Net adds
Registered users	45,275,511	56,722,482	+25.3%	53,437,054	+6.1%	3,285,428
International marketplace	10,480,421	14,921,668	+42.4%	13,643,361	+9.4%	1,278,307
China marketplace	34,795,090	41,800,814	+20.1%	39,793,693	+5.0%	2,007,121
Storefronts	6,066,900	8,199,384	+35.1%	7,812,354	+5.0%	387,030
International marketplace	1,226,496	1,622,597	+32.3%	1,559,881	+4.0%	62,716
China marketplace	4,840,404	6,576,787	+35.9%	6,252,473	+5.2%	324,314
Paying members (Note 2)	578,901	750,937	+29.7%	712,867	+5.3%	38,070
China Gold Supplier	84,868	108,572	+27.9%	105,810	+2.6%	2,762
Global Gold Supplier (Note 3)	18,611	11,017	-40.8%	13,559	-18.7%	-2,542
China TrustPass	475,422	631,348	+32.8%	593,498	+6.4%	37,850

Note 1: The weighted average number of ordinary shares in issue during the third quarter of 2010 for the calculation of basic earnings per share is 5,044,877,262 (second quarter of 2010: 5,044,011,752 and third quarter of 2009: 5,039,410,988, respectively). The weighted average number of ordinary shares in issue during the third quarter of 2010 for the calculation of diluted earnings per share is 5,074,973,156 (second quarter of 2010: 5,072,422,780 and third quarter of 2009: 5,078,840,164, respectively).

Note 2: 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 3: The number of Global Gold Supplier members has decreased since we upgraded the product with more features and higher pricing in July 2009.

RESULTS

The board of directors (our “Board”) of Alibaba.com Limited (our “Company” or “Alibaba.com”) is pleased to announce the unaudited consolidated results of our Company and subsidiaries (“we”, “us” or our “Group”) for the quarter ended September 30, 2010, together with comparative figures for the corresponding period in 2009 and the quarter ended June 30, 2010, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Q3 2009 RMB'000	Q3 2010 RMB'000	Q2 2010 RMB'000	Q3 2010 RMB'000
Revenue				
International marketplace	639,339	847,153	791,038	847,153
China marketplace	378,319	492,177	470,738	492,177
Others	14,713	109,945	104,454	109,945
Total revenue	1,032,371	1,449,275	1,366,230	1,449,275
Cost of revenue	(138,000)	(242,050)	(227,208)	(242,050)
Gross profit	894,371	1,207,225	1,139,022	1,207,225
Sales and marketing expenses	(463,052)	(526,212)	(498,084)	(526,212)
Product development expenses	(107,803)	(160,258)	(132,279)	(160,258)
General and administrative expenses	(97,962)	(145,437)	(122,542)	(145,437)
Other operating income, net	34,475	20,783	7,789	20,783
Profit from operations	260,029	396,101	393,906	396,101
Finance income, net	33,415	48,392	43,102	48,392
Share of losses, after tax, of:				
Associated companies	(8,749)	-	-	-
Jointly controlled entity	-	(1,740)	-	(1,740)
Profit before income taxes	284,695	442,753	437,008	442,753
Income tax charges	(48,656)	(77,036)	(74,055)	(77,036)
Profit for the period	236,039	365,717	362,953	365,717
Other comprehensive income/(expense)				
Net fair value gains on available-for-sale investments	60	220	100	220
Currency translation differences	(629)	(8,894)	(3,162)	(8,894)
Total comprehensive income for the period	235,470	357,043	359,891	357,043
Profit/(loss) for the period attributable to				
Equity owners of our Company	236,039	366,066	362,959	366,066
Non-controlling interests	-	(349)	(6)	(349)
Profit for the period	236,039	365,717	362,953	365,717
Total comprehensive income/(expense) for the period attributable to				
Equity owners of our Company	235,470	357,392	359,897	357,392
Non-controlling interests	-	(349)	(6)	(349)
Total comprehensive income for the period	235,470	357,043	359,891	357,043
Dividends	888,261	-	-	-
Earnings per share, basic (RMB)	4.68 cents	7.26 cents	7.19 cents	7.26 cents
Earnings per share, diluted (RMB)	4.65 cents	7.21 cents	7.18 cents	7.21 cents
Earnings per share, basic (HK\$) (Note 4)	5.31 cents	8.33 cents	8.20 cents	8.33 cents
Earnings per share, diluted (HK\$) (Note 4)	5.28 cents	8.27 cents	8.18 cents	8.27 cents

Note 4: The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8713 to HK\$1.0000 for the third quarter of 2010 (second quarter of 2010: RMB0.8771 to HK\$1.0000 and third quarter of 2009: RMB0.8814 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.

ADDITIONAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Q3 2009 RMB'000	Q3 2010 RMB'000	Q2 2010 RMB'000	Q3 2010 RMB'000
Revenue				
International marketplace				
China Gold Supplier	622,824	824,094	768,248	824,094
Global Gold Supplier	16,515	23,059	22,790	23,059
	639,339	847,153	791,038	847,153
China marketplace				
China TrustPass	358,877	472,303	444,420	472,303
Other revenue (Note 5)	19,442	19,874	26,318	19,874
	378,319	492,177	470,738	492,177
Others (Note 6)	14,713	109,945	104,454	109,945
Total	1,032,371	1,449,275	1,366,230	1,449,275
Recurring free cash flow (Non-GAAP)				
Net cash generated from operating activities	418,497	847,562	547,765	847,562
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(64,902)	(38,906)	(64,476)	(38,906)
One-off tax refund (Note 7)	-	(76,766)	-	(76,766)
Total	353,595	731,890	483,289	731,890
Share-based compensation expense	52,473	108,927	79,015	108,927
Amortization of intangible assets and lease prepayment	1,951	11,230	8,401	11,230
	As of September 30, 2009 RMB'000	As of September 30, 2010 RMB'000	As of June 30, 2010 RMB'000	As of September 30, 2010 RMB'000
Cash and bank balances	6,389,641	8,361,076	7,790,635	8,361,076
Deferred revenue and customer advances	2,968,517	3,868,937	3,721,805	3,868,937

Note 5: Other revenue earned with respect to our China marketplace mainly represents advertising fees paid by third party advertisers.

Note 6: Other revenue mainly represents revenue earned from the sale of Internet infrastructure and application services and certain software products.

Note 7: One-off tax refund represents a cash refund of prepaid tax received. Pursuant to the New Enterprise Income Tax Law and Guoshuihan [2008] No.875, taxable income should be computed on an accrual basis for Enterprise Income Tax purpose. As a result, Alibaba (China) Technology Co., Ltd. changed its Enterprise Income Tax filing basis from cash basis to accrual basis in 2009 and a cash refund of RMB76.8 million, being tax prepaid under cash basis, was received during the period.

OVERVIEW OF OUR BUSINESS HIGHLIGHTS IN THE THIRD QUARTER OF 2010

BUSINESS REVIEW

While China's GDP growth remained solid in the third quarter of 2010, economic activities, as indicated by export growth, continued to moderate towards a more sustainable level. On the other hand, China's domestic consumption remains on a solid upturn. Although data from China remained buoyant, the pace of recovery for the world's major economies is still faltering. When facing such complexity and mixed signals in the world economic environment, small businesses are generally cautious when making business decisions and look for more value from services to help them survive and thrive. In response to our customer's needs, we continued to pursue strategy of offering more value-added services ("VAS") to our growing membership base. We specifically focused on creating more value for our members through enhanced customer service and elevating the trust and safety standard to maintain a high quality e-commerce platform for buyers and suppliers.

During the third quarter of 2010, we saw steady growth in our registered users and paying members. We added 3.3 million registered users, more than 387,000 storefronts and more than 38,000 paying members to our marketplaces. As of September 30, 2010, we had a total of 56.7 million registered users, 8.2 million storefronts and 750,937 paying members on both marketplaces.

Also in the third quarter, we completed acquisitions for two U.S.-based e-commerce companies, Vendio Services, Inc. ("Vendio") and Auctiva Corporation ("Auctiva"). Through these two acquisitions, Alibaba.com gained access to more than 250,000 small, online retailers, who have potential sourcing needs from suppliers on our international marketplace and AliExpress. These acquisitions were part of our investment plan for AliExpress and were pivotal in strengthening our position as the leading sourcing and e-commerce platform for U.S. e-commerce entrepreneurs.

Our financial position remained robust. The total revenue in the third quarter of 2010 was RMB1.45 billion, representing a 40.4% year-on-year growth. Net profit attributable to equity owners during the same period rose 55.1% year-on-year, illustrating the increased operating leverage from our enlarged membership base. We are pleased to have delivered improved margins three quarters in a row, even as we actively invested in our operations. The continuous growth in paying members drove a year-on-year growth of 30.3% in our deferred revenue to RMB3.9 billion as of September 30, 2010. We continue to generate a significant amount of recurring free-cash flow.

International marketplace

Our international marketplace maintained healthy growth in the user base. As of September 30, 2010, there were 14,921,668 registered users and 1,622,597 storefronts on our international marketplace. In the third quarter of 2010, registered users increased by 1,278,307 and storefronts grew by 62,716. By focusing on continuously improving the user experience for both buyers and sellers on our platform, we successfully reinforced Alibaba.com's position as the preferred online marketplace for small businesses.

Gold Supplier

Our membership addition for China Gold Supplier for the third quarter recorded slower growth compared to previous quarters. During the quarter, we net added 2,762 China Gold Supplier members, bringing the total number of China Gold Supplier members to 108,572. The slower pace was due to our proactive strategy focused on existing members to improve their experience and stickiness on our platform. Specifically, we stepped up our efforts in enforcing a trusted and safe environment on our marketplace. We took action to terminate 1,200 paying members, not only those who have been reported and proved to be fraudulent but also members who demonstrate a high probability to commit fraud. We believe that the voluntary clean-up of membership base is important in improving overall supplier quality on our marketplace. This is beneficial to all our members. Although it created short-term impact on our membership base, we believe the sustainable, long-term value created by ensuring Alibaba.com is a trusted platform for business has more than compensated the minor impact of the removals.

The quarter saw a steady development in VAS adoption from our members as the VAS revenue contribution to China Gold Supplier revenue continued to surpass 25%. Going forward, we will continue to introduce more differentiated products and services to suit our members' needs.

In September 2010, we announced an upgraded China Gold Supplier membership package (“CGS 2011 edition”) priced at RMB29,800 per annum that will replace the existing Gold Supplier Starter Pack on January 1, 2011. This upgrade is a key step towards our long-term vision of bringing e-commerce and our business to another level: helping our customers move from “Meet at Alibaba” to “Work at Alibaba”. The new CGS 2011 edition includes an upgraded customer working platform on the marketplace and new services for promoting trust and safe trading on the Alibaba.com platform. The upgraded customer working platform will help us deliver VAS to our customers more effectively, allowing different modules of existing and future VAS outlined in the “Work at Alibaba” concept to be subscribed and plugged into this upgraded platform easily. We believe this more comprehensive platform will improve customer experience and foster VAS penetration in the long-run. As support for this new upgrade, our sales and service team will make joint efforts in customer acquisition, customer retention and VAS sales starting in the fourth quarter. This will help to enhance user experience while steadily expanding our customer base and strengthening the customer relationship.

As of September 30, 2010, we had 11,017 Global Gold Supplier members. The slight decline of the paying members was expected and is well compensated by the revenue growth due to the product upgrade with price increase in last year. To further build on the growth achieved in India in the past two years, in the third quarter, we launched our local operations in Mumbai, India to better serve the vast Indian small business community. Our Indian office provides all direct membership sales, hands-on support and customer training programs. Our first direct investment in the market demonstrated our confidence and commitment in our business development in India.

AliExpress

AliExpress, since its launch in April this year, has seen robust growth on all fronts including customer base, traffic, user experience as well as transaction volume. During the period, we have been actively expanding our suppliers, buyers, product categories and product offerings on this wholesale, transaction-based platform. At the same time, we stepped up our effort in improving the flow, including streamlining the process of placing orders while maintaining trust and safety on the platform, providing more convenience in logistics arrangement and expanding the range of payment means accepted. All these enhancements aim to make AliExpress a platform that suits the needs of small, wholesale business customers.

As a means to grow buyer base for AliExpress in major buyer markets we acquired two U.S.-based e-commerce companies, Vendio and Auctiva. In July 2010, we completed the acquisition of Vendio, an e-commerce platform providing a one-stop solution for small businesses that are selling online across multiple online channels, including eBay and Amazon. In August 2010, we acquired Auctiva, the leading third-party developer of listing, marketing and management tools for eBay sellers. Through these two acquisitions, Alibaba.com gained access to more than 250,000 small online retailers, who have potential sourcing needs from suppliers on our international marketplace and AliExpress. The connection of these two platforms with our marketplaces will help integrate the e-commerce value chain between B2B and B2C, fully realizing the B2B2C model. All of this furthers our goals of transforming our market platforms from “Meet at Alibaba” to “Work at Alibaba.” Business integration is underway as we are now working on further matching criteria like product categories in demand, quality and scale of suppliers, etc. between the buyers and our AliExpress suppliers.

China marketplace

Our China marketplace continued to show steady growth in the third quarter of 2010. In the three months ending September 30, 2010, registered users rose by 2.0 million to 41.8 million. During the same period, storefronts grew by 324,314 to 6.6 million. Paying member growth is also well on track. As we have previously cautioned, the net addition of paying members has reverted to a more sustainable level in the third quarter, when the new product impact of the China TrustPass Basic was absorbed. We achieved 37,850 net additions of China TrustPass paying members, bringing the total to 631,348 as of September 30, 2010.

VAS usage and penetration among China TrustPass members continued to trend positively. In the third quarter of 2010, the VAS revenue contribution to China TrustPass revenue exceeded 20%. We attributed this mainly to the strong growth momentum in Ali-ADvance and Premium Placement. Further product and search features modifications in Ali-ADvance helped us address customer needs in a more effective way and hence raised the return of investment to our members.

During the period, we continue to build and upgrade the transactional features on our 1688.com, further refining classification of consumer products into more detailed categories for high-demand products. User experience and user activities both improved. Although currently there is no monetization on the transactions going through the platform, the increased traffic and transaction volume led to further customer stickiness. We expect further penetration of VAS as more new features are being launched and members experience the power of these applications.

HiChina

As of September 30, 2010, HiChina had about 2.1 million domain names in service and the total number of paying members for other non-domain name services was around 255,000. The growth in domain names in service slowed down in the third quarter mainly due to the new government policy on the authentication process for users. HiChina and Alibaba Cloud Computing continued to work together to further develop web-hosting service and data storage capability.

Ali-Loan

The Ali-Loan program, a partnership with Alibaba Group and various banks to exclusively assist our paying members to obtain capital, continued to be in great demand. As of September 30, 2010, the cumulative number of loans issued by our partner banks to our paying members was more than 8,000, with total loans exceeded RMB20 billion. Our Ali-Loan program continued to demonstrate its value in solving small businesses' financing needs while increasing member's stickiness to Alibaba.com.

Sales and customer services

As of September 30, 2010, we had more than 4,800 field sales people for Gold Supplier, around 2,500 telephone sales representatives for China TrustPass. In addition to sales teams, who mainly focus on actively servicing our paying members year-round, we also have a team of about 1,100 staff who are dedicated to handling inbound customer inquiries.

Employees

As of September 30, 2010, we had 13,533 employees (12,447 employees as of June 30, 2010).

FINANCIAL REVIEW

In the third quarter of 2010, we continued healthy growth in the number of paying members. As of September 30, 2010, we had in total over 1 million paying members which comprised of 750,937 from our international and China marketplaces and 255,000 from HiChina. The number of paying members, excluding the members from HiChina, increased by 29.7% from the third quarter of 2009 and 5.3% from the second quarter of 2010. Total revenue was RMB1,449.3 million in the third quarter of 2010, representing a 40.4% increase from the same period of 2009 and a 6.1% increase from the second quarter of 2010.

Revenue from our international marketplace increased to RMB847.2 million in the period, a 32.5% increase year-on-year and a 7.1% increase quarter-on-quarter. The quarter-over-quarter growth was primarily due to the increase in revenue from our China Gold Supplier members and VAS as well as the consolidation of revenue from Vendio and Auctiva. Our China Gold Supplier members reached 108,572 as of September 30, 2010, representing an increase of 23,704 from September 30, 2009 and 2,762 from the end of previous quarter. The number of Global Gold Supplier members reduced to 11,017 as of September 30, 2010, representing a decrease of 7,594 year-on-year and 2,542 quarter-on-quarter.

Revenue from our China marketplace increased to RMB492.2 million in the period, representing a 30.1% increase year-on-year and a 4.6% increase quarter-on-quarter. Our China TrustPass membership reached 631,348 as of September 30, 2010, an increase of 155,926 from September 30, 2009 and 37,850 from the end of previous quarter. The strong growth in our base of paying members was mainly attributable to the positive effects of various new business initiatives introduced in the beginning of the year, which led to an increase in revenue from services such as Ali-ADvance and Premium Placement.

Other revenue was RMB109.9 million in the period, representing a 647.3% increase year-on-year and a 5.3% increase from last quarter. The increase year-on-year was mainly due to the contribution by HiChina.

Gross profit increased to RMB1,207.2 million in the period, up 35.0% year-on-year from RMB894.4 million and up 6.0% quarter-on-quarter from RMB1,139.0 million. Gross profit margin declined slightly to 83.3% compared with 86.6% in the same period last year and was flat from 83.4% in the second quarter of 2010. The decline year-on-year was primarily due to a higher cost of revenue stemming from the consolidation of financial results from HiChina and Vendio which have relatively lower gross profit margins.

Total operating expenses were RMB831.9 million in the period, representing a 24.4% increase year-on-year from RMB668.8 million and a 10.5% increase quarter-on-quarter from RMB752.9 million. The increase in operating expenses, for both year-on-year and quarter-on-quarter, was mainly due to the consolidation of expenses incurred by HiChina, Vendio and Auctiva, as well as our continuing investments in our business as we expand. As a percentage of revenue, total operating expenses were 57.4% for the period, compared with 64.8% in the same period last year and 55.1% in the second quarter of 2010. The year-on-year decrease was mainly due to the VAS growth as well as scale benefits that we realized while the quarter-on-quarter increase was mainly due to higher share-based compensation expense incurred in the third quarter of 2010.

Other operating income (net) was RMB20.8 million in the period, compared with RMB34.5 million in the same period of 2009 and RMB7.8 million in the second quarter of 2010. The decrease year-on-year was mainly attributable to the decrease in government subsidy and the deemed disposal gain from our associated companies in Japan recognized last year while the increase quarter-on-quarter was mainly due to an increase in government subsidy, which amounted to RMB8.2 million.

Our profit margin before interest, taxes and amortization ("EBITA margin") (non-GAAP) was 28.3% for the period, an increase from 24.6% in the same period of 2009 and a decrease from 29.6% in the second quarter of 2010. EBITA margin before share-based compensation expense (non-GAAP) was 35.8% for the period, an increase from 29.6% in the same period last year and was flat from 35.4% in the second quarter of 2010. The increase in EBITA margin before share-based compensation expense year-on-year was mainly due to lower sales and marketing expenses as a percentage of revenue as well as a higher margin contribution from VAS revenue, which was partially offset by the dilutive effect after the consolidation of results of the newly acquired companies.

Net finance income was RMB48.4 million, an increase of 44.8% year-on-year and 12.3% quarter-on-quarter, which was attributable to higher interest income earned as a result of increased bank deposits and exchange gains recognized in the period.

Income tax charges were RMB77.0 million, an increase of 58.3% from RMB48.7 million in the same period of 2009 and an increase of 4.0% quarter-on-quarter from RMB74.1 million. Our effective tax rate was 17.4% in the period, which 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 expenses that we incurred were not tax deductible. Excluding the effect of the share-based compensation, our effective tax rate would have been 14.0% for the period.

Profit attributable to equity owners was RMB366.1 million in the period, an increase of 55.1% from the same period in 2009 and 0.9% from the second quarter of 2010, largely from the increase in revenue contributed by our larger paying customer base and strong growth of our VAS products.

Earnings per share, basic and diluted were 8.33 Hong Kong cents and 8.27 Hong Kong cents respectively, compared to 5.31 Hong Kong cents and 5.28 Hong Kong cents (basic and diluted, respectively) in the third quarter of 2009 and 8.20 Hong Kong cents and 8.18 Hong Kong cents (basic and diluted, respectively) in the second quarter of 2010.

Deferred revenue and customer advances were RMB3,868.9 million as of September 30, 2010, representing a 30.3% increase from RMB2,968.5 million as of September 30, 2009 and a 4.0% increase from RMB3,721.8 million as of June 30, 2010. The increase was mainly due to the continued growth of our paying customers and VAS.

Recurring free cash flow (non-GAAP) in the period was RMB731.9 million, representing a 107.0% increase year-on-year and a 51.4% increase quarter-on-quarter. The increase year-on-year and quarter-on-quarter was mainly attributable to the strong increase in paying members and VAS, a refund of overpaid 2009 enterprise income tax mainly due to adjustment of tax rate from 15% to 10% and less capital expenditure incurred during the period.

Cash and bank balances as of September 30, 2010 was RMB8,361.1 million, representing a 30.9% increase year-on-year and a 7.3% increase quarter-on-quarter. During the third quarter of 2010, we paid a total of RMB233.2 million in cash for the acquisition of Vendio and Auctiva.

OUTLOOK

The current economic situation remains complex and rife with uncertainties. Challenges like staffing cost increases, rising raw material costs, and Renminbi appreciation are intensifying and may dampen the growth of small businesses. Against this backdrop, we reiterate our view that China's export growth in the coming quarters may continue to moderate, growing at a slower rate than what we saw in previous quarters.

It is clear that the Chinese government is focusing less on growth rates and more on rebalancing the structure of the economy to reduce dependence on exports while boosting domestic consumption. This creates a more sustainable growth dynamic for the medium term. Similarly, after a phase of rapid expansion of our customer base, we are now more focused on upgrading and adding to our VAS. We have seen early signs of growth in VAS. We believe there is ample room for further growth as more of our customers migrate their business processes online, making them part of the e-commerce value chain.

Overall we remain positive and confident in the China economy and e-commerce and are firmly committed to make it easy for our customers to do business anywhere by helping them not only to Meet at Alibaba but also to Work at Alibaba.

REVIEW OF FINANCIAL INFORMATION

Our results for the third quarter ended September 30, 2010 were reviewed by our audit committee. Our audit committee meets regularly with management, external auditors and internal audit personnel to discuss the accounting principles and practices adopted by Alibaba.com and other internal control and financial reporting matters.

On behalf of our Board
WEI Zhe, David
*Executive Director and
Chief Executive Officer*

Hong Kong, November 11, 2010

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, Elvis

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

KWAUK 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>

SUPPLEMENTARY FINANCIAL INFORMATION
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

	Nine months ended September 30,	
	2009	2010
	RMB'000	RMB'000
Revenue		
International marketplace	1,719,702	2,357,140
China marketplace	1,012,896	1,369,052
Others	36,411	309,923
Total revenue	<u>2,769,009</u>	<u>4,036,115</u>
Cost of revenue	(387,617)	(663,615)
Gross profit	<u>2,381,392</u>	<u>3,372,500</u>
Sales and marketing expenses	(1,142,205)	(1,490,542)
Product development expenses	(262,937)	(409,904)
General and administrative expenses	(278,855)	(390,446)
Other operating income, net	108,761	77,893
Profit from operations	<u>806,156</u>	<u>1,159,501</u>
Finance income, net	108,087	124,619
Share of losses, after tax, of:		
Associated companies	(29,576)	(3,802)
Jointly controlled entity	-	(1,740)
Profit before income taxes	<u>884,667</u>	<u>1,278,578</u>
Income tax charges	(152,794)	(219,810)
Profit for the period	<u>731,873</u>	<u>1,058,768</u>
Other comprehensive income/(expense)		
Net fair value gains on available-for-sale investments	62	560
Currency translation differences	(106)	(12,700)
Total comprehensive income for the period	<u>731,829</u>	<u>1,046,628</u>
Profit/(loss) for the period attributable to		
Equity owners of the Company	731,873	1,059,024
Non-controlling interests	-	(256)
Profit for the period	<u>731,873</u>	<u>1,058,768</u>
Total comprehensive income/(expense) for the period attributable to		
Equity owners of the Company	731,829	1,046,884
Non-controlling interests	-	(256)
Total comprehensive income for the period	<u>731,829</u>	<u>1,046,628</u>
Dividends	<u>888,261</u>	<u>-</u>
Earnings per share, basic (RMB)	<u>14.52 cents</u>	<u>21.00 cents</u>
Earnings per share, diluted (RMB)	<u>14.41 cents</u>	<u>20.86 cents</u>
Earnings per share, basic (HK\$) (Note 8)	<u>16.47 cents</u>	<u>23.98 cents</u>
Earnings per share, diluted (HK\$) (Note 8)	<u>16.35 cents</u>	<u>23.82 cents</u>

Note 8: The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8759 to HK\$1.0000 for the nine months ended September 30, 2010 (nine months ended September 30, 2009: RMB0.8814 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.