

## Alibaba.com Announces First Quarter 2008 Results

Hong Kong, May 6, 2008 – Alibaba.com Limited (HKSE:1688), the world's leading B2B e-commerce company, today announced its financial results for the quarter ended March 31, 2008.

### First Quarter 2008 Highlights:

- **Total revenue** increased to RMB680.1 million, an increase of 53.2% year-on-year and 7.2% quarter-on-quarter.
- **Gross profit** was RMB601.2 million, an increase of 55.5% year-on-year and 8.6% quarter-on-quarter.
- **Operating profit** was RMB311.9 million, an increase of 81.0% year-on-year and 67.1% quarter-on-quarter.
- **Operating profit margin** increased to 45.9% from 38.8% in the first quarter of 2007 and 29.4% in the fourth quarter of 2007.
- **Net income (Profit attributable to equity owners)** was RMB300.7 million, an increase of 111.7% year-on-year and 162.0% quarter-on-quarter, excluding the one-off interest income we received from oversubscriptions during our IPO in the fourth quarter of 2007.
- **Earnings per share, basic and diluted ("EPS")** was 6.47 Hong Kong cents, an increase of 118.6% year-on-year and 160.9% quarter-on-quarter, excluding the above mentioned one-off interest income in the fourth quarter of 2007.

### Key Operating Data

- Total number of **registered users** of our combined marketplaces grew to 29.7 million, an increase of 37.3% year-on-year and 7.6% quarter-on-quarter. As of March 31, 2008, we had 4.9 million registered users on our international marketplace and 24.8 million registered users on our China marketplace.
- Total number of **storefronts** on our marketplaces grew to 3.2 million, an increase of 44.7% year-on-year and 8.9% quarter-on-quarter. As of March 31, 2008, we had 753,066 storefronts on our international marketplace and 2.5 million storefronts on our China marketplace.
- The number of **paying members** of our combined marketplaces was 327,118, an increase of 35.6% year-on-year and 7.1% quarter-on-quarter.

"We achieved solid growth in revenue and profitability in the first quarter," said David Wei, CEO of Alibaba.com. "During the quarter, we restructured our Gold Supplier sales force into two teams focusing on customer acquisition and customer retention, respectively. We believe that in the long run the new structure will lead to higher levels of customer satisfaction and sales productivity. Looking ahead, the restructuring of our sales force will continue to go through an adjustment period in the second quarter."

“The credit crisis and slowing US economy is creating pressures on the global trade environment. Nevertheless, buyer activity on our international marketplace continued to increase during the period. We are actively monitoring the situation and will take proactive steps to minimize the potential impact from any downturn of the US economy by continuing to develop our fast growing China marketplace, focusing on industries and regions less likely to be affected and increasing our geographic expansion. We believe that with our management focus on rolling out these new initiatives, we are well positioned to meet the challenges ahead and will continue to deliver good results.”

### **First Quarter 2008 Results**

Alibaba.com reported **total revenue** of RMB680.1 million in the first quarter of 2008, representing a 53.2% increase from the same period in 2007 and a 7.2% increase from the fourth quarter of 2007. The year-on-year growth was driven mainly by increases in the number of paying members of our combined marketplaces and average spending per paying member.

Alibaba.com had 327,118 **paying members** as of March 31, 2008, representing a 35.6% increase from the first quarter of 2007 and a 7.1% increase from the fourth quarter of 2007.

**Revenue from our international marketplace** was RMB464.2 million in the first quarter of 2008, an increase of 42.9% year-on-year and 4.3% quarter-on-quarter, accounting for 68.3% of total revenue. The year-on-year growth in revenue was primarily due to increases in the number of Gold Supplier members and sales of value-added services. The results of our international marketplace also include the commission income we received for the sale of Alisoft Export Edition to our customers, which amounted to RMB7.5 million in the first quarter.

As of March 31, 2008, Alibaba.com's International marketplace had 28,548 Gold Supplier members, a net increase of 8,484 from 20,064 as of March 31, 2007 and a net increase of 1,164 from 27,384 at the end of 2007. The slower quarter-on-quarter growth in the number of paying members reflected the impact of seasonality in customer acquisition, the serious national snow storms which hit China in February and the resulting limited sales activities in certain regions across the country, as well as the restructuring of our sales force during the period. The number of International TrustPass members reached 12,533 as of March 31, 2008, a net increase of 652 from 11,881 as of March 31, 2007 and a net increase of 381 from 12,152 at the end of 2007. We expect the growth in the number of International TrustPass members to improve when we launch planned new initiatives in the second quarter of 2008.

**Revenue from our China marketplace** was RMB215.9 million in the first quarter of 2008, an increase of 81.2% year-on-year and 14.0% quarter-on-quarter, and represented 31.7% of total revenue. The year-on-year and quarter-on-quarter improvement reflected increases in the number of paying members and average spending per member.

As of March 31, 2008, Alibaba.com's China marketplace had 286,037 China TrustPass members, a net increase of 76,730 from 209,307 as of March 31, 2007 and a net increase of 20,028 from 266,009 at the end of 2007. Sales of value-added services including keyword bidding and premium placement banner displays have grown significantly, contributing to the increase of average spending per member.

**Gross profit** for the first quarter of 2008 was RMB601.2 million, an increase of 55.5% year-on-year and 8.6% quarter-on-quarter. Our **gross margin** improved to 88.4% in the period, compared to 87.1% in the same period last year and 87.3% in the fourth quarter of 2007.

**Total operating expenses** were RMB310.5 million in the first quarter, representing a 44.8% increase year-on-year and a 16.1% decrease quarter-on-quarter. The increase year-on-year was due to the expansion of our operations to support the continued growth of our businesses. The decrease quarter-on-quarter primarily reflected seasonality of marketing activities, which are mainly scheduled for the second half of the year.

**Profit from operations** (which represents profit after deducting share-based compensation expense) for the first quarter of 2008 was RMB311.9 million, an increase of 81.0% from the first quarter of 2007 and 67.1% from the fourth quarter of 2007. Our **operating profit margin** for the first quarter of 2008 was 45.9%, compared to 38.8% in the same period last year and 29.4% in the previous quarter. The year-on-year improvement in operating profit margin was primarily due to the growth of our revenue and the benefits of economies of scale. The quarter-on-quarter increase reflected lower operating expenses incurred as a percentage of total revenue due to the seasonality of marketing expenses.

**Profit from operations before share-based compensation expense** (non-GAAP) was RMB356.7 million in the period, up 78.1% year-on-year and 42.4% quarter-on-quarter. **Operating margin excluding share-based compensation expense** (non-GAAP) increased to 52.5% in first quarter from 45.1% in the same period a year ago and 39.5% in the fourth quarter of 2007.

**Net finance income** for the first quarter of 2008 was RMB48.5 million, an increase of 479.9% year-on-year and a decrease of 84.6% quarter-on-quarter. The year-on-year increase was due to higher interest income and the sequential decrease was due to the one-off nature of the interest income we received from oversubscriptions during our IPO in the fourth quarter of 2007.

**Profit attributable to equity owners** for the first quarter of 2008 was RMB300.7 million, representing a 111.7% increase year-on-year and a 162.0% increase quarter-on-quarter, excluding the one-off interest income from our IPO oversubscriptions.

**Earnings per share, basic and diluted**, was 6.47 Hong Kong cents, compared to 2.96 Hong Kong cents in the first quarter of 2007 and 2.48 Hong Kong cents in the fourth quarter of 2007, excluding the one-off interest income we received from oversubscriptions during our IPO.

### **Other Financial Information**

**Deferred revenue and customer advances** were RMB1,913.6 million as of March 31, 2008, compared to RMB1,480.6 million at the end of the first quarter of 2007 and RMB1,919.8 million at the end of last year. The slight decrease quarter-on-quarter was mainly due to the slower growth of Gold Supplier sales in the first quarter which reflected the impact of seasonality in customer acquisition, the serious nationwide snow storms in February as well as our sales force restructuring.



**Recurring free cash flow (non-GAAP)** for the first quarter of 2008 was RMB273.4 million, a decrease of 10.9% year-on-year and 44.9% quarter-on-quarter. The decrease year-on-year was mainly due to higher payments of corporate income tax in the first quarter of 2008. The sequential decrease was due to the slower growth of Gold Supplier members which resulted in lower receipts of prepaid membership fees during the quarter as well as higher payments made such as corporate income tax and year-end bonuses.

### **About Alibaba.com Limited**

Alibaba.com (HKSE:1688), a member of the Alibaba Group of companies, is the world's leading B2B e-commerce company. Our international marketplace (www.alibaba.com) focuses on global importers and exporters and our China marketplace (www.alibaba.com.cn) focuses on suppliers and buyers trading domestically in China. Together, our marketplaces form a community of around 30 million registered users from over 200 countries and regions.

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## FINANCIAL (UNAUDITED) AND OPERATIONAL HIGHLIGHTS

	1Q2008	1Q2007	Change	4Q2007	Change
<b>Revenue (RMB million)</b>	<b>680.1</b>	<b>443.9</b>	<b>+53.2%</b>	<b>634.6</b>	<b>+7.2%</b>
<b>Profit attributable to equity owners</b>	<b>300.7</b>	<b>142.1</b>	<b>+111.7%</b>	<b>114.8</b>	<b>+162.0%</b>
<b>(RMB million)</b>				<i>(Note 1)</i>	<i>(Note 1)</i>
<b>Basic and diluted earnings per share</b>	<b>6.47 cents</b>	<b>2.96 cents</b>	<b>+118.6%</b>	<b>2.48 cents</b>	<b>+160.9%</b>
<b>(HK\$)</b>				<i>(Note 1)</i>	<i>(Note 1)</i>
<b>Registered users</b>	<b>29,706,067</b>	<b>21,642,479</b>	<b>+37.3%</b>	<b>27,599,959</b>	<b>+7.6%</b>
<i>International marketplace</i>	<i>4,888,391</i>	<i>3,444,122</i>	<i>+41.9%</i>	<i>4,405,557</i>	<i>+11.0%</i>
<i>China marketplace</i>	<i>24,817,676</i>	<i>18,198,357</i>	<i>+36.4%</i>	<i>23,194,402</i>	<i>+7.0%</i>
<b>Storefronts</b>	<b>3,221,346</b>	<b>2,225,695</b>	<b>+44.7%</b>	<b>2,956,846</b>	<b>+8.9%</b>
<i>International marketplace</i>	<i>753,066</i>	<i>549,676</i>	<i>+37.0%</i>	<i>697,563</i>	<i>+8.0%</i>
<i>China marketplace</i>	<i>2,468,280</i>	<i>1,676,019</i>	<i>+47.3%</i>	<i>2,259,283</i>	<i>+9.3%</i>
<b>Paying Members (Note 2)</b>	<b>327,118</b>	<b>241,252</b>	<b>+35.6%</b>	<b>305,545</b>	<b>+7.1%</b>
<i>Gold Supplier</i>	<i>28,548</i>	<i>20,064</i>	<i>+42.3%</i>	<i>27,384</i>	<i>+4.3%</i>
<i>International TrustPass</i>	<i>12,533</i>	<i>11,881</i>	<i>+5.5%</i>	<i>12,152</i>	<i>+3.1%</i>
<i>China TrustPass</i>	<i>286,037</i>	<i>209,307</i>	<i>+36.7%</i>	<i>266,009</i>	<i>+7.5%</i>

**Notes:**

1. Excludes interest income related to our IPO oversubscription in the fourth quarter of 2007.
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.

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED MARCH 31, 2008

	1Q 2008 RMB'000	1Q 2007 RMB'000	1Q 2008 RMB'000	4Q 2007 RMB'000	
<b>Revenue</b>					
- International marketplace	464,164	324,768	464,164	445,182	
- China marketplace	215,917	119,139	215,917	189,373	
<b>Total revenue</b>	<b>680,081</b>	<b>443,907</b>	<b>680,081</b>	<b>634,555</b>	
Cost of revenue	(78,926)	(57,400)	(78,926)	(80,830)	
<b>Gross profit</b>	<b>601,155</b>	<b>386,507</b>	<b>601,155</b>	<b>553,725</b>	
Sales and marketing expenses	(201,743)	(146,618)	(201,743)	(250,532)	
Product development expenses	(36,592)	(27,264)	(36,592)	(36,928)	
General and administrative expenses	(72,210)	(40,617)	(72,210)	(82,547)	
Other operating income	21,255	247	21,255	2,915	
<b>Profit from operations</b>	<b>311,865</b>	<b>172,255</b>	<b>311,865</b>	<b>186,633</b>	
Finance income, net	48,548	8,372	48,548	315,017	(Note 3)
<b>Profit before income taxes</b>	<b>360,413</b>	<b>180,627</b>	<b>360,413</b>	<b>501,650</b>	
Income tax charges	(59,698)	(38,562)	(59,698)	(36,331)	
<b>Profit attributable to equity owners of the Company</b>	<b>300,715</b>	<b>142,065</b>	<b>300,715</b>	<b>465,319</b>	(Note 3)
<b>Earnings per share, basic and diluted (RMB)</b>	<b>RMB5.95 cents</b>	<b>RMB2.94 cents</b>	<b>RMB5.95 cents</b>	<b>RMB9.57 cents</b>	(Note 4)
<b>Earnings per share, basic and diluted (HK\$)</b>	<b>HK\$6.47 cents</b>	<b>HK\$2.96cents</b>	<b>HK\$6.47 cents</b>	<b>HK\$10.04 cents</b>	(Note 4)

Notes:

- Includes interest income of RMB350,534,000 related to our IPO oversubscription in the fourth quarter of 2007.
- Earnings per share, basic and diluted, would be RMB2.36 cents or HK\$2.48 cents (non-GAAP) if the interest income related to our IPO oversubscription in the fourth quarter of 2007 is excluded. The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB 0.9193 to HK\$1.0000 for the first quarter of 2008 (first and fourth quarter of 2007: RMB0.9951 and RMB0.9540 to HK\$1.0000). No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars or vice versa, at that rate, or at any rate or at all.

## ADDITIONAL FINANCIAL (UNAUDITED) DATA

	1Q 2008 RMB'000	1Q 2007 RMB'000	1Q 2008 RMB'000	4Q 2007 RMB'000
<b>Revenue</b>				
<b>International marketplace</b>				
Gold Supplier	447,630	317,503	447,630	428,661
International Trustpass	8,994	7,265	8,994	9,296
Other revenue (Note 5)	7,540	-	7,540	7,225
	<b>464,164</b>	<b>324,768</b>	<b>464,164</b>	<b>445,182</b>
<b>China marketplace</b>				
China TrustPass	206,127	118,790	206,127	179,054
Other revenue (Note 6)	9,790	349	9,790	10,319
	<b>215,917</b>	<b>119,139</b>	<b>215,917</b>	<b>189,373</b>
<b>Total</b>	<b>680,081</b>	<b>443,907</b>	<b>680,081</b>	<b>634,555</b>
<b>Recurring Free Cash Flow (Non-GAAP)</b>				
Net cash generated from operating activities	287,254	328,910	287,254	556,990
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(13,805)	(22,180)	(13,805)	(60,964)
<b>Total</b>	<b>273,449</b>	<b>306,730</b>	<b>273,449</b>	<b>496,026</b>
<b>Share based compensation</b>	<b>44,873</b>	<b>28,037</b>	<b>44,873</b>	<b>63,816</b>
	<b>As of March 31, 2008 RMB'000</b>	<b>As of March 31, 2007 RMB'000</b>	<b>As of March 31, 2008 RMB'000</b>	<b>As of December 31, 2007 RMB'000</b>
<b>Cash and short-term term deposits</b>	<b>5,432,622</b>	<b>1,580,149</b>	<b>5,432,622</b>	<b>5,273,552</b>
<b>Deferred revenue and customer advances</b>	<b>1,913,587</b>	<b>1,480,551</b>	<b>1,913,587</b>	<b>1,919,849</b>

*Notes:*

- Other revenue earned with respect to our international marketplace mainly represents commission income from Alisoft, a subsidiary of our controlling shareholder, for cross-selling of Alisoft Export Edition to our customers.*
- Other revenue earned with respect to our 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.*