



## Alibaba.com Announces Full Year 2008 Results

*Strong performance despite global economic crisis*

*Paying members up 41%, revenue up 39%, EPS up 31%*

Hong Kong, March 19, 2009 – Alibaba.com Limited (HKSE:1688) (HK.1688), the world's leading business-to-business e-commerce company, today announced its financial results for the year ended December 31, 2008.

### **Full Year 2008 Highlights**

- Total revenue of RMB3.0 billion in 2008, an increase of 39% as compared to 2007. EPS (diluted) was up 31% year-on-year to 26.71 Hong Kong cents and net income (profit attributable to equity owners) was up 25% year-on-year to RMB1.2 billion. Excluding the non-recurring interest income from our initial public offering over-subscription proceeds in 2007, net income was up by 95%.
- The number of registered users and online storefronts on Alibaba.com's marketplaces increased by 10.5 million and 1.7 million, respectively, as buyers and sellers around the world saw the benefits of e-commerce to reduce costs and improve efficiency, especially during difficult economic times. New members signed up to our international marketplace in record numbers, with registered users growing by 3.5 million during the year to 7.9 million, up 80% year-on-year. Over one million new members joined our international marketplace during each of the third and fourth quarters of 2008, representing the biggest quarterly increases since Alibaba.com was founded.
- We added over 126,000 paying members to our marketplaces in 2008, which exceeded the growth we had in any previous year. We saw a record increase of 12,192 Gold Supplier members in the fourth quarter, driven by the November 2008 launch of our Gold Supplier Starter Pack and an upgrade of our existing Gold Supplier service. These gains were made despite China's export sector experiencing its first negative growth in seven years during the quarter.
- Thanks to the strong execution of our entire team and the relatively more robust China economy, our China marketplace contributed 36% of total revenue in 2008, compared to 28% in 2007.

### **Key Operating Data**

- As of December 31, 2008, our combined marketplaces had 38.1 million registered users, an increase of 38% year-on-year. We had 7.9 million registered users on our international marketplace and 30.2 million registered users on our China marketplace. In the fourth quarter of 2008, we added one million registered users to our international marketplace and 1.4 million registered users to our China marketplace.
- As of December 31, 2008, the total number of storefronts on our marketplaces had grown to 4.6 million, an increase of 56% compared to 2007. Of this total, we had 970,000 storefronts on our international marketplace and 3.6 million storefronts on our China marketplace.
- The number of paying members of our combined marketplaces had risen to 432,031 at the end of 2008, an increase of 41% year-on-year.

“We are pleased with the results we achieved in 2008, even though it was a trying year for many firms and across many industries,” said David Wei, chief executive officer of Alibaba.com. “Our results in 2008, especially in the fourth quarter, demonstrate that an increasing number of SMEs are turning to e-commerce as a way to seek new customers and expand into new markets. We believe that our solid performance was due, in part, to the pre-emptive measures we took in early 2008 to help our customers weather the economic winter. Our launch of Gold Supplier Starter Pack in November 2008 is a reflection of our “customer first” value. It proved to be the right product at the right time, offering better and more affordable e-commerce services to our customers when they needed them the most. Our decision was very well received by our customers.”

“The risk of a further contraction in Chinese exports and a sustained period of lackluster growth still exists. However, we continue to be confident in China’s economy, in e-commerce, in our products and in our people. In fact, we see the current global economic crisis as a great opportunity to help our SME customers move online, expand our market leadership and invest for growth so we emerge even stronger in the future. 2009 will be a year of investment and expansion for Alibaba.com as we stay focused on our customers and our goal of building the world’s largest online community of buyers and suppliers.”

## **Full Year 2008 Financial and Operating Results**

### ***Paying Members and Revenue***

Alibaba.com had 432,031 paying members as of December 31, 2008, representing a 41% year-on-year increase.

Total revenue for 2008 was RMB3.0 billion, representing a 39% increase from 2007. The year-on-year growth was driven mainly by increases in the number of paying members of our combined marketplaces and sales of value-added services. The China marketplace contributed 36% of total revenue in 2008, compared to 28% in 2007, reflecting its growing importance as a revenue contributor as China domestic trade outpaced exports.

### ***International Marketplace***

Revenue from our international marketplace was RMB1.9 billion for 2008, an increase of 23% year-on-year, accounting for 64% of total revenue. The growth was primarily due to gains in Gold Supplier members and sales of value-added services. It also included other revenue of RMB23.2 million from cross-selling Alisoft Export Edition, an export-oriented customer relations management (CRM) software solution. We handed this re-selling function back to Alisoft in November 2008 so that we can focus our efforts on member acquisition.

As of December 31, 2008, our international marketplace had 43,028 Gold Supplier members, representing a robust increase of 57% year-on-year and 40% quarter-on-quarter. Our acquisition of customers has accelerated significantly since November 2008 when we launched our new entry-level Gold Supplier Starter Pack and upgraded our existing Gold Supplier service. These initiatives contributed to a record high addition of 12,192 new Gold Supplier customers in the fourth quarter and confirmed our assessment that SMEs are more receptive to high-quality and affordable e-commerce services during difficult economic climates and a broad market exists for such services. Our sales force restructuring in early 2008 led to an improvement in our overall sales productivity and also contributed to the higher customer acquisition rate in the fourth quarter.

International TrustPass membership growth was in line with our expectations in 2008. The number of International TrustPass members reached 16,136 as of December 31, 2008, a net increase of 3,984 from 2007. We made steady progress in our customer acquisition initiative in India through cooperation with Infomedia. During the second half of 2008, our associated company, Alibaba.com Japan, launched various buyer-marketing events to raise brand awareness and continued to lay the foundation for user and customer acquisition in Japan.

### ***China Marketplace***

Revenue from our China marketplace was RMB1.1 billion in 2008, an increase of 78% from 2007, largely due to increases in the number of paying China TrustPass members and sales of value-added services. Our China marketplace accounted for 36% of total revenue in 2008 compared to 28% in 2007. We believe that the growing number of Internet users in China and the continuous expansion of China's economy bodes well for the development of the country's B2B e-commerce sector and, as the clear market leader, we are well positioned to benefit from this growth.

As of December 31, 2008, our China marketplace had 372,867 China TrustPass members, a net increase of 106,858 from 2007, or a 40% increase year-on-year. The growth was driven by the overall expansion of China's domestic economy as well as the strong execution of our extensive sales team.

In addition, revenue from value-added services, such as keyword bidding and branded advertisements, experienced healthy growth during the year. In the second half of 2008, we launched a trial of our new Ali-ADvance™ program, a pay-for-performance based keyword bidding system which has been well received by customers. We officially launched Ali-ADvance™ in March 2009 and we expect it to provide us with a more performance-based revenue model.

### ***Financial Results***

**Gross profit** for 2008 was RMB2.6 billion, an increase of 39% year-on-year. **Gross margin** remained at 87%, the same level as 2007.

**Profit from operations** (which represents profit after deducting share-based compensation expense) for 2008 was RMB1.2 billion, representing a 48% increase from 2007. **Operating profit margin** for 2008 was 40%, compared to 37% in 2007. The growth in margin was mainly attributable to the growth of other operating income during the year as well as our effective cost control measures during the continued global expansion of our business.

**Profit from operations before share-based compensation expense (non-GAAP)** for 2008 was RMB1.4 billion, an increase of 43% year-on-year. **Operating margin excluding share-based compensation expense (non-GAAP)** was 46%, up from 44% in 2007.

**Net income (profit attributable to equity owners)** for 2008 was RMB1.2 billion, representing a 25% increase year-on-year. Net income for 2007 included non-recurring interest income of RMB350.5 million generated from the over-subscription proceeds retained during our initial public offering in Hong Kong in November 2007. Excluding this item, our profit attributable to equity owners for 2008 increased by 95%.

**Earnings per share, basic and diluted**, were 26.74 Hong Kong cents and 26.71 Hong Kong cents, respectively, an increase of 31% compared to 20.41 Hong Kong cents (basic and diluted) in 2007.

**Deferred revenue and customer advances** were RMB2.3 billion as of December 31, 2008, representing an increase of 18% compared to December 31, 2007. The growth in this item slowed during the first nine months of 2008 as our acquisition of paying members of our international marketplace was affected by the global economic crisis. However, deferred revenue in the fourth quarter of 2008 increased significantly as the November 2008 launch of Gold Supplier Starter Pack and upgrade of our existing Gold Supplier service contributed to a strong growth in the number of paying members.

**Recurring free cash flow (non-GAAP)** for 2008 was RMB1.5 billion, representing a 11% growth as compared to 2007.

**Cash and bank balances** as of December 31, 2008 remained strong at RMB6.6 billion, representing a 25% increase compared to RMB5.3 billion as of December 31, 2007.

### **Share Buy-Back Plan**

In November 2008, we announced a plan to buy back up to HK\$2 billion (approximately US\$258 million) of our ordinary shares, subject to market conditions and at the discretion of our directors. To date, we have spent HK\$93 million buying back 14 million shares on the market. The share-buy back plan will remain in effect through the end of 2009, subject to renewal of the repurchase mandate by the shareholders at our upcoming Annual General Meeting.

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

Alibaba.com Limited (HKSE:1688) (HK.1688) is the global leader in business-to-business (B2B) e-commerce. It connects millions of buyers and suppliers from around the world every day through three marketplaces: an English-language marketplace (alibaba.com) for global importers and exporters, a Chinese-language marketplace (alibaba.com.cn) for domestic trade in China, and, through an associated company, a Japanese-language marketplace (alibaba.co.jp) facilitating trade to and from Japan. Together, its marketplaces form a community of over 38 million registered users from over 240 countries and regions. Headquartered in Hangzhou, Alibaba.com has offices in more than 30 cities across mainland China as well as in Taiwan, Hong Kong, Europe and the United States.



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## FINANCIAL AND OPERATION HIGHLIGHTS

	2008	2007	Change
<b>Revenue (RMB million)</b>	<b>3,001.2</b>	<b>2,162.8</b>	<b>+39%</b>
<b>Operating income (RMB million)</b>	<b>1,192.4</b>	<b>804.3</b>	<b>+48%</b>
<b>Profit attributable to equity owners (RMB million)</b>	<b>1,205.2</b>	<b>967.8</b>	<b>+25%</b>
<b>Earnings per share, basic (HK\$)</b>	<b>26.74 cents</b>	<b>20.41 cents</b>	<b>+31%</b>
<b>Earnings per share, diluted (HK\$)</b>	<b>26.71 cents</b>	<b>20.41 cents</b>	<b>+31%</b>
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<b>Registered users</b>	<b>38,075,335</b>	<b>27,599,959</b>	<b>+38%</b>
International marketplace	7,914,630	4,405,557	+80%
China marketplace	30,160,705	23,194,402	+30%
<b>Storefronts</b>	<b>4,614,250</b>	<b>2,956,846</b>	<b>+56%</b>
International marketplace	965,747	697,563	+38%
China marketplace	3,648,503	2,259,283	+61%
<b>Paying members <small>(Note 1)</small></b>	<b>432,031</b>	<b>305,545</b>	<b>+41%</b>
Gold Supplier	43,028	27,384	+57%
International TrustPass	16,136	12,152	+33%
China TrustPass	372,867	266,009	+40%

**Notes:**

1. Include 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.

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 RMB'000	2007 RMB'000	4Q 2008 RMB'000	4Q 2007 RMB'000
<b>Revenue</b>				
- International marketplace	1,907,135	1,547,695	489,104	445,182
- China marketplace	1,094,059	615,062	316,760	189,373
<b>Total revenue</b>	<b>3,001,194</b>	<b>2,162,757</b>	<b>805,864</b>	<b>634,555</b>
Cost of revenue	(387,368)	(280,113)	(118,252)	(80,830)
<b>Gross profit</b>	<b>2,613,826</b>	<b>1,882,644</b>	<b>687,612</b>	<b>553,725</b>
Sales and marketing expenses	(1,092,086)	(736,813)	(371,286)	(250,532)
Product development expenses	(186,513)	(131,495)	(62,828)	(36,928)
General and administrative expenses	(320,144)	(229,868)	(93,113)	(82,547)
Other operating income, net	177,300	19,877	16,758	2,915
<b>Profit from operations</b>	<b>1,192,383</b>	<b>804,345</b>	<b>177,143</b>	<b>186,633</b>
Finance income, net	239,207	345,099	56,190	315,017
Share of loss of associated companies, net of tax	(16,087)	-	(7,544)	-
<b>Profit before income taxes</b>	<b>1,415,503</b>	<b>1,149,444</b>	<b>225,789</b>	<b>501,650</b>
Income tax charges	(210,317)	(181,649)	(26,380)	(36,331)
<b>Profit attributable to equity owners of the Company</b>	<b>1,205,186</b>	<b>967,795</b>	<b>199,409</b>	<b>465,319</b>
<b>Earnings per share, basic (RMB)</b> (Note 2)	<b>RMB23.86 cents</b>	<b>RMB19.91 cents</b>	<b>RMB3.95 cents</b>	<b>RMB9.57 cents</b>
<b>Earnings per share, diluted (RMB)</b> (Note 2)	<b>RMB23.84 cents</b>	<b>RMB19.91 cents</b>	<b>RMB3.94 cents</b>	<b>RMB9.57 cents</b>
<b>Earnings per share, basic (HK\$)</b> (Note 2)	<b>HK\$26.74 cents</b>	<b>HK\$20.41 cents</b>	<b>HK\$4.48 cents</b>	<b>HK\$10.04 cents</b>
<b>Earnings per share, diluted (HK\$)</b> (Note 2)	<b>HK\$26.71 cents</b>	<b>HK\$20.41 cents</b>	<b>HK\$4.48 cents</b>	<b>HK\$10.04 cents</b>

**Notes:**

2. The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB 0.8924 and RMB 0.8814 to HK\$1.0000 for 2008 and the fourth quarter of 2008, respectively (2007 and the fourth quarter of 2007: RMB 0.9757 and RMB 0.9540 to HK\$1.0000, respectively). 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 DATA

	2008 RMB'000	2007 RMB'000	4Q 2008 RMB'000	4Q 2007 RMB'000
<b>Revenue</b>				
<b>International marketplace</b>				
Gold Supplier	1,842,884	1,503,331	475,438	428,661
International TrustPass	41,082	32,825	12,083	9,296
Other revenue (Note 3)	23,169	11,539	1,583	7,225
	1,907,135	1,547,695	489,104	445,182
<b>China marketplace</b>				
China TrustPass	1,026,883	594,098	294,070	179,054
Other revenue (Note 4)	67,176	20,964	22,690	10,319
	1,094,059	615,062	316,760	189,373
<b>Total</b>	<b>3,001,194</b>	<b>2,162,757</b>	<b>805,864</b>	<b>634,555</b>
<b>Recurring free cash flow (Non-GAAP)</b>				
Net cash generated from operating activities	1,580,924	1,409,217	549,686	528,511
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(115,007)	(92,846)	(43,505)	(32,484)
<b>Total</b>	<b>1,465,917</b>	<b>1,316,371</b>	<b>506,181</b>	<b>496,027</b>
<b>Share based compensation</b>	<b>178,815</b>	<b>152,077</b>	<b>46,191</b>	<b>63,816</b>
	<b>As of December 31, 2008 RMB'000</b>	<b>As of December 31, 2007 RMB'000</b>	<b>As of December 31, 2008 RMB'000</b>	<b>As of December 31, 2007 RMB'000</b>
<b>Cash and bank balances</b>	<b>6,612,324</b>	<b>5,273,552</b>	<b>6,612,324</b>	<b>5,273,552</b>
<b>Deferred revenue and customer advances</b>	<b>2,256,871</b>	<b>1,919,849</b>	<b>2,256,871</b>	<b>1,919,849</b>

**Notes:**

- Other revenue earned with respect to our international marketplace mainly represents commission income from a subsidiary of our controlling shareholder, for cross-selling of certain software products to our paying members.
- 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.