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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 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009

- ❖ Revenue in Q3 2009 up 32.1 percent year-on-year and 12.3% quarter-on-quarter.
- ❖ Net additions of 14,415 China Gold Supplier members to a total of 84,868, up 175.2% year-on-year and 20.5% quarter-on-quarter.
- ❖ Continued, steady growth of China TrustPass members with 33,623 net adds in the quarter to reach a total of 475,422 with 34.9% growth year-on-year and 7.6% growth quarter-on-quarter.
- ❖ Deferred revenue up 42.1% year-on-year to reach RMB3 billion.
- ❖ International marketplace surpassed 10 million users with 51.6% growth year-on-year and 10.8% quarter-on-quarter with all marketplaces reaching a total of 45.3 million registered users and 6.1 million storefronts.
- ❖ Quarterly net income declined 20.4% year-on-year as expected, as a result of previously announced continuing investments in customers, people and technology to position the Company for future growth.

FINANCIAL HIGHLIGHTS (UNAUDITED)	Q3 2009	Q3 2008	Change	Q2 2009	Change	
	RMB million	RMB million (Restated)		RMB million (Restated)		
Revenue	1,032.4	781.5	+32.1%	919.3	+12.3%	
Profit from operations	260.0	352.3	-26.2%	276.1	-5.8%	
Profit attributable to equity owners	236.0	296.6	-20.4%	249.2	-5.3%	
Share-based compensation expense	52.5	39.3	+33.6%	50.4	+4.1%	
Deferred revenue and customer advances	2,968.5	2,088.3	+42.1%	2,763.6	+7.4%	
Recurring free cash flow	353.6	410.1	-13.8%	426.7	-17.1%	
Earnings per share, basic (HK\$)	5.31 cents	6.69 cents	-20.6%	5.62 cents	-5.5%	
Earnings per share, diluted (HK\$)	5.28 cents	6.69 cents	-21.1%	5.56 cents	-5.0%	
OPERATIONAL HIGHLIGHTS	Q3 2009	Q3 2008	Change	Q2 2009	Change	Q3 2009 Net adds
Registered users	45,275,511	35,645,270	+27.0%	42,781,218	+5.8%	2,494,293
International marketplace	10,480,421	6,912,692	+51.6%	9,462,705	+10.8%	1,017,716
China marketplace	34,795,090	28,732,578	+21.1%	33,318,513	+4.4%	1,476,577
Storefronts	6,066,900	4,163,756	+45.7%	5,509,260	+10.1%	557,640
International marketplace	1,226,496	868,379	+41.2%	1,126,645	+8.9%	99,851
China marketplace	4,840,404	3,295,377	+46.9%	4,382,615	+10.4%	457,789
Paying members (Note 1)	578,901	398,351	+45.3%	531,471	+8.9%	47,430
China Gold Supplier	84,868	30,836	+175.2%	70,453	+20.5%	14,415
Global Gold Supplier	18,611	15,016	+23.9%	19,219	-3.2%	(608)
China TrustPass	475,422	352,499	+34.9%	441,799	+7.6%	33,623

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 merger accounting upon acquisition of the business management software division of Alisoft Holding Limited and its subsidiaries ("Alisoft"). See "Other financial information" on page 7.

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, 2009, together with comparative figures for the corresponding period in 2008 and the quarter ended June 30, 2009, as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Q3 2009 RMB'000	Q3 2008 RMB'000 (Restated)	Q3 2009 RMB'000	Q2 2009 RMB'000 (Restated)
Revenue				
International marketplace	639,339	478,011	639,339	574,766
China marketplace	378,319	295,656	378,319	333,502
Others	14,713	7,797	14,713	10,998
Total revenue	1,032,371	781,464	1,032,371	919,266
Cost of revenue	(138,000)	(102,108)	(138,000)	(136,485)
Gross profit	894,371	679,356	894,371	782,781
Sales and marketing expenses	(463,052)	(281,363)	(463,052)	(385,681)
Product development expenses	(107,803)	(56,872)	(107,803)	(85,741)
General and administrative expenses	(97,962)	(78,457)	(97,962)	(96,262)
Other operating income, net	34,475	89,592	34,475	61,008
Profit from operations	260,029	352,256	260,029	276,105
Finance income, net	33,415	19,396	33,415	35,694
Share of losses of associated companies, net of tax	(8,749)	(8,543)	(8,749)	(9,800)
Profit before income taxes	284,695	363,109	284,695	301,999
Income tax charges	(48,656)	(66,493)	(48,656)	(52,842)
Profit attributable to equity owners of our Company	236,039	296,616	236,039	249,157
Special cash dividends paid	888,261	-	888,261	-
Earnings per share, basic (RMB)	RMB4.68 cents	RMB5.87 cents	RMB4.68 cents	RMB4.95 cents
Earnings per share, diluted (RMB)	RMB4.65 cents	RMB5.87 cents	RMB4.65 cents	RMB4.90 cents
Earnings per share, basic (HK\$) <i>(Note 3)</i>	HK\$5.31 cents	HK\$6.69 cents	HK\$5.31 cents	HK\$5.62 cents
Earnings per share, diluted (HK\$) <i>(Note 3)</i>	HK\$5.28 cents	HK\$6.69 cents	HK\$5.28 cents	HK\$5.56 cents

Note 3:

The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8812 and RMB0.8814 to HK\$1.0000 for the second and third quarter of 2009 respectively, (third quarter of 2008: RMB0.8769 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 2008 RMB'000 (Restated)	Q3 2009 RMB'000	Q2 2009 RMB'000 (Restated)
Revenue				
International marketplace				
China Gold Supplier	622,824	467,288	622,824	559,771
Global Gold Supplier	16,515	10,723	16,515	14,995
	639,339	478,011	639,339	574,766
China marketplace				
China TrustPass	358,877	278,237	358,877	317,310
Other revenue (Note 4)	19,442	17,419	19,442	16,192
	378,319	295,656	378,319	333,502
Others (Note 5)	14,713	7,797	14,713	10,998
Total	1,032,371	781,464	1,032,371	919,266
Recurring free cash flow (Non-GAAP)				
Net cash generated from operating activities	418,497	440,426	418,497	467,552
Purchase of property and equipment, excluding payment for land use rights and construction costs of corporate campus project	(64,902)	(30,336)	(64,902)	(40,895)
Total	353,595	410,090	353,595	426,657
Share-based compensation expense	52,473	39,271	52,473	50,405
	As of September 30, 2009 RMB'000	As of September 30, 2008 RMB'000 (Restated)	As of September 30, 2009 RMB'000	As of June 30, 2009 RMB'000 (Restated)
Cash and bank balances	6,389,641	6,143,613	6,389,641	7,101,043
Deferred revenue and customer advances	2,968,517	2,088,322	2,968,517	2,763,634

Note 4:

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.

Note 5:

Other revenue mainly represents revenue earned from the sale of certain software products.

OVERVIEW OF OUR BUSINESS HIGHLIGHTS IN THE THIRD QUARTER OF 2009

The global macro-economy continued to show signs of a recovery outlook. Steady sequential improvement in the Chinese Purchasing Managers' Index implied that economic recovery in China has been moving at a sustainable pace on the back of the government's aggressive stimulus package and the return of both domestic and overseas demand. Global trade volumes are accordingly reviving, dovetailing the recent evident sequential growth in China's export. With the rebound of economic activities in Asia and China likely to be stronger than initially expected, there are many reasons for consumer confidence to edge higher. Although there are still mixed views as to whether the recovery is assured, we are convinced that e-commerce has become an irreversible trend for buyers and sellers in the world to do business.

In the third quarter of 2009, we continued to see robust growth on our marketplaces. During the quarter, around 2.5 million registered users, 558,000 storefronts and more than 47,400 paying members were added to our marketplaces. Our paying membership base expanded by 45.3% year over year. As of September 30, 2009, our combined marketplaces had an aggregate of 45.3 million registered users, 6.1 million storefronts and 578,901 paying members. These achievements demonstrated that we are expanding our market leadership during the economic downturn.

We continue to maintain strong financial position. Driven by continuous growth in paying members, our deferred revenue increased substantially to RMB3.0 billion as of September 30, 2009, representing a 42.1% year-on-year growth. We continue to generate significant amount of recurring free-cash flow amidst our plan to make voluntary investments for our future growth.

During the quarter, we announced the acquisition of Alisoft's business management software division and the acquisition of a controlling interest in HiChina, a leading Internet infrastructure service provider in China. These transactions furthered our goal of transformation from "Meet at Alibaba" to "Work at Alibaba" by providing small businesses with infrastructure and tools to operate and succeed in e-commerce.

International marketplace

As of September 30, 2009, there were 10.5 million registered users and 1.2 million storefronts on our international marketplace. In the third quarter, registered users increased by 1.0 million and storefronts grew by 99,851. Throughout the year, we saw healthy and balanced growth in both buyers and sellers on our marketplace. Our increased investment in marketing campaigns in major overseas buyers markets has continued to build greater brand awareness for Alibaba.com and draw users and traffic to our marketplace.

The momentum of China Gold Supplier membership growth continued into the third quarter of 2009. During the quarter, we recorded a quarterly net addition of 14,415 China Gold Supplier members, bringing the total number of China Gold Supplier members to 84,868 as of September 30, 2009, notwithstanding previous prediction that the pace of growth for Gold Supplier starter pack would settle into a more moderate level when the impact of the new product launch tapered off. The intrinsic value tied with providing more services and tools to address the various needs of a businessperson on Alibaba.com's platform is becoming increasingly attractive to small exporters. We have been proactively managing customer renewals and enhancing customer satisfaction throughout the year by deploying more resources in customer care and helping paying members raise their business performance. As such, we are seeing more cases of early renewal of membership. Our primary focus in the near term remains accelerating membership acquisition and improving customer satisfaction. We believe growth in VAS will follow after we have laid a solid foundation on our membership base and increased members' reliance and stickiness on our platform.

We upgraded International TrustPass to the Global Gold Supplier in July 2009. In the third quarter, Global Gold Supplier members saw a slight decline of 608 members to reach 18,611. The short-term pressure on the number of members was expected, because existing members need to re-acclimatize to the upgraded package and higher pricing compared to the old International TrustPass. The launch of Global Gold Supplier enhanced user experience and addressed the increasingly sophisticated requirement from suppliers. So far, members generally responded positively to the upgrade. The impact of the short-term, mild decline in customer numbers was more than compensated by the extent of the price increase. We believe Global Gold Supplier will drive paying membership and revenue growth globally in the long run.

Momentum continued for overseas businesses. Our strategy is to focus on the countries that we have already identified and currently have ground partners and channels to grow user and membership base, before expanding further into other countries and regions globally.

In the third quarter of 2009, we beta-launched “AliExpress”, the wholesale platform on the international marketplace that is designed to facilitate small bulk transactions online. By integrating Alipay’s escrow feature into the AliExpress platform, we will provide easy, safe and secure online transaction service to buyers and suppliers. AliExpress is currently open to our paying members in Mainland China. A nominal fee is charged to the supplier for successful online transactions. Having noticed the trend that order size is becoming smaller but buyers are buying more frequently to keep inventory low, we developed this wholesale platform to address this evolving need of business and capture opportunities. We see this as a strategic development rather than a near-term revenue driver. We will focus on growing the number of users and their engagement on the AliExpress platform in the coming quarters.

China marketplace

Our China marketplace continued its steady growth in the third quarter of 2009. Registered users rose by 1.5 million in the three months ending September 30, 2009 to 34.8 million. During the same period, storefronts grew by 457,789 to 4.8 million. Paying member growth was well on track. We achieved 33,623 net addition of China TrustPass paying members, bringing the total to 475,422 as of September 30, 2009. On the VAS front, Ali-ADvance™ has been gaining traction as we saw steady growth in the number of members using this service. To further improve overall user experience and to unleash the power of this performance-based VAS, we have been optimizing the mechanisms to yield improved search results. We have conviction in the growth potential of Ali-ADvance™, that can help to steer our revenue towards a more performance related model. In addition, we also witnessed promising growth both in terms of the number of users and revenue relating to Premium Placement, another VAS in the China marketplace.

The wholesale, online transaction platform which we launched in the second quarter this year has seen healthy growth in all metrics. With more cross-platform coordination in terms of development and promotion between Alibaba.com and Taobao.com, more e-tailers, noticeably the power-sellers on Taobao.com, realize the value and benefits of sourcing online through Alibaba.com’s wholesale platform. We will continuously foster the activities and usage of the wholesale platform, expanding to more industries and categories of products one step at a time.

Recent acquisitions

In August 2009, Alibaba.com entered into an acquisition agreement with Alibaba Group to acquire the business management software division of Alisoft, comprising software application product lines for small businesses and related assets, together with all customer contracts and employees, for a total consideration of RMB208.0 million. We believe the business and assets acquired from Alisoft will be a key building block in our plan to evolve the business model of our Company from an online meeting place into an e-commerce marketplace and service platform that supports key aspects of our customers’ business operations.

Also, in September 2009, we announced that Alibaba.com would buy a controlling stake in China Civilink (Cayman), which operates in China as HiChina Web Solutions, for a total consideration of RMB540.0 million (US\$79.1 million) in cash upon completion in two phases. HiChina, www.net.cn, is a leading provider of Internet infrastructure services in China, including domain name services, web and server hosting services, email hosting services and Web site design and development services. With the acquisition of HiChina, Alibaba.com gains four key assets: a new, large customer base; new, value-added applications; advanced and automated “do it yourself” Web site technology; and a strong management and operating team.

Both acquisitions fulfilled our objectives of investing in businesses complementary to ours in providing non-overlapping customer base and good applications or technology. We saw the strong strategic fit and are confident that these businesses will create significant operating synergies. The new businesses will be integral parts of our Information Technology Business Unit. Through these applications and services, Alibaba.com helps entrepreneurs and businesses gain access to the necessary tools and features to operate and manage their business online through the Alibaba.com platform. All of this furthers our goals of transforming our market platforms from “Meet at Alibaba” to “Work at Alibaba.”

Sales and customer services

As of September 30, 2009, we had more than 4,000 field sales people for Gold Supplier, around 1,900 telephone sales people for China TrustPass and around 900 customer service staff. We have strengthened our sales team both in terms of their productivity and the quality of services provided in order to achieve our goal of expanding market leadership as well as enhancing customer satisfaction.

Employees

As of September 30, 2009, the total number of employees of Alibaba.com was 10,796 (September 30, 2008: 6,825) and the related staff costs, including directors' emoluments, for the first nine months of 2009 was RMB1,210.7 million (first nine months 2008: RMB737.6 million). We normally review our employees' performance on a quarterly basis and adjust their compensation with reference to the performance and market annually.

REVIEW OF OUR FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2009

We continued to report a significant increase in the number of paying members of our combined marketplaces. As of September 30, 2009, we had 578,901 **paying members**, representing a 45.3% increase from the third quarter of 2008 and an 8.9% increase from the second quarter of 2009. As a result of the increase in the number of paying members, **total revenue** was RMB1,032.4 million in the third quarter of 2009, representing a 32.1% increase from the same period of 2008 and a 12.3% increase from the second quarter of 2009.

Revenue from our international marketplace increased to RMB639.3 million in the period, a 33.7% increase year-on-year and an 11.2% increase quarter-on-quarter. The growth was primarily due to the increase in the number of China Gold Supplier members as well as a higher revenue contributed by the newly launched "Global Gold Supplier" in the quarter.

Revenue from our China marketplace increased to RMB378.3 million in the period, a 28.0% increase year-on-year and a 13.4% increase quarter-on-quarter. The growth, for both year-on-year and quarter-on-quarter, was attributable to the increase in paying members, revenue from value-added services like Ali-ADvance™ and premium placement as well as the growth in revenue from branded advertisements.

Gross profit increased by 31.6% year-on-year from RMB679.4 million in the same period last year to RMB894.4 million and by 14.3% quarter-on-quarter from RMB782.8 million in the second quarter of 2009. **Gross margin** reduced slightly from 86.9% in the same period last year to 86.6% in the quarter and was better than 85.2% in the second quarter of 2009.

Total operating expenses were RMB668.8 million in the period, representing a 60.5% increase year-on-year from RMB416.7 million and a 17.8% increase quarter-on-quarter from RMB567.7 million. The increase year-on-year and quarter-on-quarter were due to the investment in previously announced marketing campaign to enhance our brand awareness and to acquire buyers and sellers as well as the increased other investment in customers, people and technology to support the continued growth of our businesses, resulting in higher marketing, product development and staff costs in the quarter.

Other operating income (net), decreased to RMB34.5 million, a 61.5% decrease year-on-year and a 43.5% decrease quarter-on-quarter mainly due to the decrease in government subsidy by 75.7% from RMB84.0 million in the third quarter of 2008 to RMB20.4 million in the period and by 56.0% from RMB46.3 million in the second quarter of 2009.

Profit from operations (which represents profit from operations after deducting share-based compensation expense) in the period was RMB260.0 million, representing a decrease of 26.2% year-on-year and 5.8% quarter-on-quarter. Our **operating profit margin** was 25.2% in the period, a decrease from 45.1% in the same period last year and a decrease from 30.0% in the second quarter of 2009. The operating profit margin decrease year-on-year was mainly due to our planned investments for the future expansion of our business while the quarter-on-quarter decrease was mainly due to the planned investments in particular in marketing spending as a percentage of revenue.

Profit from operations before share-based compensation expense (non-GAAP) was RMB312.5 million for the quarter ended September 30, 2009, down 20.2% from the same period last year and down 4.3% from the second quarter of 2009. **Operating margin excluding share-based compensation expense (non-GAAP)** was 30.3% for the period, a decrease from 50.1% in the same period in 2008 and 35.5% in the second quarter of 2009 due to the reasons stated above.

Net finance income, mainly consisted of interest income and foreign currency exchange differences, was RMB33.4 million, an increase of 72.3% year-on-year and a decrease of 6.4% quarter-on-quarter. Interest income for the period was RMB33.1 million, compared to RMB60.7 million for the same period last year and RMB34.9 million in the second quarter of 2009.

Share of losses of associated companies, net of tax was RMB8.7 million for the period, a 2.4% increase from the same period last year and 10.7% decrease from the second quarter of 2009. The decrease quarter-on-quarter in share of losses from our associated company was because it started to earn revenue from the launch of a new product “Japan Link” in the second quarter of 2009. By subscribing to “Japan Link”, our Gold Supplier members in Mainland China can place their storefronts in the Japanese website operated by Alibaba.com Japan Co., Ltd. and hence help them to penetrate the Japanese buyer market.

Income tax charges decreased by 26.8% from RMB66.5 million in the same period in 2008 to RMB48.7 million in the period, and decreased by 7.9% quarter-on-quarter from RMB52.8 million. Our effective tax rate was 17.1% 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 14.4% for the period, compared to 15.0% in the second quarter of 2009. The effective tax rate in the third quarter of 2008 would have been 15.0% if we exclude the share-based compensation and the one-off exchange loss recognized.

Net income (profit attributable to equity owners) for the third quarter of 2009 was RMB236.0 million, a decrease of 20.4% year-on-year and a decrease of 5.3% quarter-on-quarter. The decrease was a result of the planned investments in our customers, people and technology innovation for our future growth and expansion.

Earnings per share, basic and diluted were 5.31 Hong Kong cents and 5.28 Hong Kong cents respectively, compared with 6.69 Hong Kong cents (basic and diluted) in the third quarter of 2008 and 5.62 and 5.56 Hong Kong cents (basic and diluted, respectively) in the second quarter of 2009.

Deferred revenue and customer advances were RMB2,968.5 million as of September 30, 2009, representing a 42.1% increase from RMB2,088.3 million as of September 30, 2008 and a 7.4% increase from RMB2,763.6 million as of June 30, 2009. 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) in the period was RMB353.6 million, representing a 13.8% decrease year-on-year and a 17.1% decrease quarter-on-quarter. The decrease year-on-year and quarter-on-quarter were mainly attributable to the decrease in operating profit as we continued to invest in our business particularly in marketing spending.

Cash and bank balances as of September 30, 2009 was RMB6,389.6 million, representing a 4.0% increase year-on-year and a 10.0% decrease quarter-on-quarter. The quarter-on-quarter decline was mainly due to the payment of special dividend in September 2009 to commemorate the 10th anniversary of Alibaba.com, as well as the settlement of considerations for acquisition of Alisoft in August 2009. As of September 30, 2009, 90.4% (June 30, 2009: 78.6%) of our cash and bank balances was denominated in Renminbi.

Other financial information

In August 2009, we entered into an acquisition agreement with our ultimate holding company, Alibaba Group Holding Limited, to acquire the business management software division of Alisoft Holding Limited and its subsidiaries (“Alisoft”), comprising application software product lines for small businesses and related assets, certain business liabilities (which represented deferred revenue and customer advances associated with unexpired customer contracts carried over from Alisoft, net of the corresponding direct selling costs deferred), together with all customer contracts and employees (the “Acquired Business”), for a cash consideration of approximately RMB193.4 million and an incentive and retention grant of restricted share units with approximate value of RMB14.6 million, which will be awarded to the employees retained in the Company for their future service compensation. The aforesaid transaction was regarded as a business combination under common control in a manner similar to pooling-of-interests and the principles of merger accounting under Hong Kong Accounting Guideline 5 “Merger Accounting for the Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants. All assets and liabilities of the Acquired Business have been stated at their historical carrying amounts and are included in our consolidated financial statements from the beginning of the earliest period presented as if the Acquired Business had always been part of our Group. Since the Acquired Business is accounted for as a business combination under common control, we have restated all the comparative amounts as if the business combination had been completed on the earliest date of the periods being presented. As a result, profit for the second quarter of 2009 and third quarter of 2008 has been decreased by RMB11,581,000 and RMB11,982,000, respectively.

In September, 2009, we entered into a series of agreements with SYNEX Investment Holdings Corporation, Rich Premier Holdings Limited, Amplecity Holdings Limited, Keen Bond Holdings Limited, King Long Management Limited and Platane Capital Limited, pursuant to which we conditionally agreed to acquire up to 99.67% equity interest in China Civilink (Cayman) (the "China Civilink group"), a company incorporated in the Cayman Islands with limited liability. The China Civilink group operates the popular website www.net.cn <<http://www.net.cn>> in China and is a leading provider of internet infrastructure services in China. The total consideration for the acquisition is approximately RMB540.0 million (US\$79.1 million) in cash upon completion in two phases. The acquisition is expected to complete before end of 2009 and we plan to fund the consideration through internal resources on completion.

OUTLOOK

We see gathering momentum in the export sector as well as the domestic consumption in China. This bodes well for business development and economic recovery. As we have anticipated earlier in the year, China and other Asian countries are leading the global economic recovery. This has a positive impact on all our small businesses customers globally. We believe the returning orders and improving economic activities further strengthen the confidence of businesspeople, cultivating a favorable environment for our members' growth as well as ours.

In 2009, we have made various business initiatives that turn into multi-faceted growth engines along the four business units, all pointed to the long-term growth of the company. Our investment this year delivered noticeable, positive results in user and membership growth, and also raised brand awareness in major buyer and seller markets. We will continue to invest in our customers and new business initiatives for the long term growth. As always, we proactively manage customer satisfaction to ensure our customers get great return from their investment on Alibaba marketplace. Our efforts have started paying off as we have not seen any signs of a material drop in our customer renewal rate. With our continuous efforts in managing our customer renewals and customer services, we believe the customer renewal rate may be relatively stable.

At our 10th anniversary celebration in September 2009, we unveiled more about our view on e-commerce and our plan for the coming decade. We believe e-commerce can achieve much beyond serving the sales and marketing function for suppliers. Our mission is to make it easy for customers to do business anywhere by solving their challenges in procurement, sales, management and financing through technological upgrades, thereby raising their competitiveness and realizing industry advancement. We are on course to increasingly realize more synergies both within the Alibaba eco-system and through merger and acquisitions.

REVIEW OF FINANCIAL INFORMATION

Our results for the third quarter ended September 30, 2009 were reviewed by our audit committee. Our audit committee meets regularly with the management, the external auditors and the internal audit personnel to discuss the accounting principles and practices adopted by Alibaba.com and the internal control and financial reporting matters.

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

Hong Kong, November 10, 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, 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, 2009

	Nine months ended September 30,	
	2009	2008
	RMB'000	RMB'000 (As restated)
Revenue		
International marketplace	1,719,702	1,396,445
China marketplace	1,012,896	777,300
Others	36,411	16,218
Total revenue	<u>2,769,009</u>	<u>2,189,963</u>
Cost of revenue	<u>(387,617)</u>	<u>(277,850)</u>
Gross profit	2,381,392	1,912,113
Sales and marketing expenses	(1,142,205)	(729,274)
Product development expenses	(262,937)	(142,032)
General and administrative expenses	(278,855)	(228,397)
Other operating income, net	<u>108,761</u>	<u>162,377</u>
Profit from operations	806,156	974,787
Finance income, net	108,087	183,017
Share of losses of associated companies, net of tax	<u>(29,576)</u>	<u>(8,543)</u>
Profit before income taxes	884,667	1,149,261
Income tax charges	<u>(152,794)</u>	<u>(183,937)</u>
Profit attributable to equity owners of the Company	<u>731,873</u>	<u>965,324</u>
Special cash dividends paid	<u>888,261</u>	<u>-</u>
Earnings per share, basic (RMB)	<u>RMB14.52 cents</u>	<u>RMB19.11 cents</u>
Earnings per share, diluted (RMB)	<u>RMB14.41 cents</u>	<u>RMB19.09 cents</u>
Earnings per share, basic (HK\$ equivalent)	<u>HK\$16.47 cents</u>	<u>HK\$21.33 cents</u>
Earnings per share, diluted (HK\$ equivalent)	<u>HK\$16.35 cents</u>	<u>HK\$21.30 cents</u>