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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 MARCH 31, 2010

- ❖ Registered users surged past 50 million milestone as of March 31, an addition of 2.5 million during the period, an increase of 10 million users year-on-year.
- ❖ China Gold Supplier paying members surpassed 100,000, a significant milestone in helping Chinese exporters conduct business on our marketplace.
- ❖ Successfully launched new business initiatives on China marketplace which rendered a record net addition of more than 40,000 China TrustPass members during the period.
- ❖ Strong revenue growth of 49% year-on-year to RMB1,221 million, driven by strong acquisition of paying members as well as increased revenue from value-added services on both marketplaces. VAS contribution to China Gold Supplier revenue exceeded 20%.
- ❖ EBITA before share-based compensation expenses increased by 42% year-on-year to RMB426 million driven by our strong growth in revenue.
- ❖ Continued to maintain strong financial liquidity, with recurring free cash flow increased by 28% year-on-year to RMB438 million and cash balance increased by 8% year-on-year to RMB7,532 million.

#### FINANCIAL HIGHLIGHTS (UNAUDITED)

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

#### OPERATIONAL HIGHLIGHTS

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

Note 1: Includes paying members with active storefront listings on our international and China marketplaces as well as paying members who have paid membership package subscription fees but whose storefronts have not been activated.

Note 2: Certain comparative figures have been restated pursuant to the business combination under common control upon acquisition of the business management software division of Alisoft Holding Limited and its subsidiaries.

## RESULTS

The board of directors (our "Board") of Alibaba.com Limited (our "Company" or "Alibaba.com") is pleased to announce the unaudited results of our Company and its subsidiaries ("we" or our "Group") for the quarter ended March 31, 2010, together with comparative figures for the corresponding period in 2009 and the quarter ended December 31, 2009, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED MARCH 31, 2010

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

Note 3: The translation of Renminbi amounts into Hong Kong dollars has been made at the rate of RMB0.8793 to HK\$1.0000 for the first quarter of 2010 (first and fourth quarter of 2009: RMB0.8815 to HK\$1.0000 and RMB0.8809 to HK\$1.0000, respectively). No representation is made that the Renminbi amounts have been, could have been or could be converted into Hong Kong dollars or vice versa, at that rate, or at any rate or at all.

## ADDITIONAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

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

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

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

# OVERVIEW OF OUR BUSINESS HIGHLIGHTS IN THE FIRST QUARTER OF 2010

## BUSINESS REVIEW

Despite a bumpy economic recovery in the rest of the world, the Chinese economy delivered 11.9% growth in GDP in the first quarter of 2010. The latest economic data suggested that export recovery is progressing largely as the market envisaged. In the first quarter of 2010, we continued our strategy of broadening our base of registered users and paying members on both marketplaces to expand market leadership. Following the proven strategic moves on our international marketplace last year, we embarked on several initiatives on our China marketplace to help small businesses use e-commerce to strengthen their foothold and to gain advantages during a recovering economy.

During the first quarter, we made steady progress in all fronts. We added 2.5 million registered users, more than 458,000 storefronts and more than 43,400 paying members. This represents a key milestone as Alibaba.com surpasses 50 million registered users with 7.3 million storefronts and 658,701 paying members worldwide. We are particularly encouraged by the strong performance across revenue and net profit in the quarter. The quarterly revenue growth continued to accelerate and increased 49.3% year-over-year in the first quarter of 2010, compared with the 35.8% year-on-year growth in the fourth quarter of 2009. Despite generally weaker seasonality in the first quarter of the year, we maintained decent growth in recurring free cash flow and deferred revenue. Deferred revenue grew 43.6% year-on-year to reach RMB3.6 billion. These achievements showcased the strong execution by our team and confirmed Alibaba.com's value to our small business customers.

### ***International marketplace***

In the first quarter, the number of registered users on our international marketplace increased by 999,683 to reach 12,577,930 as of March 31, 2010. The number of storefronts grew by 76,458 to 1,476,784. The increased user base drove stronger user traffic and buyer activities on our marketplace. The number of China Gold Supplier members surpassed the 100,000 mark for the first time, representing a significant milestone in helping Chinese exporters to conduct business on our marketplace. As of March 31, 2010, we had a total of 100,694 China Gold Supplier members, representing a net addition of 4,584 members during the quarter. The lower number of net additions in the quarter was expected due to typical seasonality and fewer working days around Chinese New Year. Customer renewal of Starter Pack members was broadly in line with our past observations of first year members.

During the quarter, we continued to help our members realize the full value that our platform can bring to them through various types of value-added services ("VAS"). Our renewal sales team focused on retaining paying members and growing VAS adoption among renewed Starter Pack members, driving steady progress in the VAS penetration and revenue contribution in the first quarter of 2010. Particularly, VAS revenue contribution to our China Gold Supplier revenue exceeded 20% in the first quarter of 2010. We are convinced that VAS penetration and usage will continue to grow along with our membership base. Our strategy is to attract new customers by maintaining competitive membership fees, at the same time offering a variety of VAS targeted to meet the diverse needs of our users. We believe this approach offers more flexibility to our members and should lead to greater customer satisfaction.

As of March 31, 2010, we had 16,330 Global Gold Suppliers. The total number of Global Gold Supplier members saw a decline since the second half of 2009. As discussed in the previous announcement, we expect this trend to continue for a few more quarters until the old membership base all adapt to the new price level upon renewal.

### ***Significant new product and development***

Since the beta-launch of AliExpress, our wholesale online transaction platform, in the fourth quarter of 2009, we have seen a healthy increase in user activities and transaction volume. The service came out of beta on 26 April 2010, and is now open to both paid and free suppliers in China. We recently expanded the online payment methods to include a much wider choices, including bank transfer and Paypal, for the added convenience of our users. We also announced a strategic partnership with UPS to provide discounted international logistics rates for AliExpress users. We will help small businesses seize even more opportunities through US\$100 million investment in user acquisition, marketing and technology infrastructure for AliExpress over the next few years. Our primary objective is to develop AliExpress into the leading online transaction platform for cross-border wholesale transactions.

## **China marketplace**

Our China marketplace continued to enjoy robust growth during the first quarter. Registered users increased by 1,517,340 to 37,672,009 as of March 31, 2010. During the same period, the number of storefronts increased by 382,328, or 7.1%, to 5,801,986.

In 2009, our introduction of Gold Supplier Starter Pack proved to be a tremendous success in helping small business exporters survive the global economic downturn. We believe that growing domestic demand in China will be the engine for the next round of long-term, sustainable growth, and so we decided to step up our investment on the China marketplace for 2010. Accordingly, we announced a number of new initiatives on China marketplace, including the revamp of our China site and the use of a new domain, 1688.com, to highlight the online wholesale transaction features of our marketplace. These, together with the marketing programs on our website, such as “instant procurement” and “group procurement,” attracted strong buyer traffic to the marketplace. We believe this creates a solid foundation for long-term growth.

In addition to the website upgrade, we announced the launch of the new “China TrustPass Basic” in April 2010. The China TrustPass Basic membership, priced at RMB1,688 per year, is positioned as an entry-level product that helps small businesses establish their first online presence and trust profile on Alibaba.com’s e-commerce platform. This streamlined version will replace our original China TrustPass membership for new customer. At the same time, we have upgraded our most loyal members to “China TrustPass Limited Edition” membership. This “China TrustPass Limited Edition,” with bundled VAS and marketing tools, remains at RMB2,800 per year, and is only available as a renewal to our original China TrustPass members.

The launch of the China TrustPass Basic is a logical, natural extension of our strategic decision to introduce the Gold Supplier Starter Pack on the international marketplace. We have never changed our view that e-commerce in China has tremendous growth potential. Accelerating member acquisition in this barely penetrated market is of utmost strategic importance. Through lowering the entry barrier of the membership, we achieved two objectives. First, it speeds up the migration process of small businesses moving from offline to online to help small businesses leverage our platform, gain efficiencies and remove barriers to growth. This, in turn, helps Alibaba.com expand market leadership. Second, it helps advance our business to a more performance-based model. While we lowered the entry-level membership fee, we also launched more VAS to address specific customer needs and requests.

The strong marketing effort and the great execution of our staff in promoting the China TrustPass Limited Edition in March have more than offset the impact of low seasonality caused by long Chinese New Year holidays in the first quarter. During the quarter, we acquired 40,361 net additions of China TrustPass paying members and set another record for the net addition in a quarter. As of March 31, 2010, we had a total of 541,677 China TrustPass members. During the quarter, key VAS products such as Ali-ADvance and Premium Placement maintained momentum. The first quarter saw strong new customer growth, however, the VAS revenue contribution to China TrustPass revenue remained at the mid-teen percentage, indicating stronger demand of VAS from existing customers.

Together with the launch of basic membership package, we further raise the level of trust on our China marketplace. We announced our plan to build the first small business trust and safety system, with a Trust and Safety Protection Fund to protect our buyers. Suppliers on our site can also voluntarily put money into this fund to demonstrate confidence in their own quality and reliability to buyers. The core of the trust and safety system is an enhanced, interactive trust rating mechanism for buyers and sellers to rate each other. Over time, both parties accumulate a credibility of their business activities conducted on Alibaba.com. We hope that this dynamic trust profile can develop into an industry-standard in the future.

## **HiChina**

HiChina has registered robust growth in most of its businesses since the acquisition. We believe that mobile trends such as steady improvement of Internet infrastructure, the launch of 3G mobile networks, more affordable Internet-enabled mobile devices, along with the rapid development of the Internet market in general, will drive steady, sustainable growth in domain name and web-hosting demand. As of March 31, 2010, HiChina had 2.0 million domain names in service. Total paying members for other non-domain name services was around 228,000. This customer base is largely distinctive from Alibaba.com’s which presents synergies for long-term development.

## ***Sales and customer services***

In the “Year of Customer Service,” we have strengthened our sales team both in terms of productivity and quality of services provided to our customers. As of March 31, 2010, we had more than 4,400 field sales people for Gold Supplier, and about 2,000 telephone sales representatives for China TrustPass. Our renewal sales team continues to service our paying members alongside about 1,000 customer service staff who handled inbound customer inquiries.

## ***Employees***

As of March 31, 2010, we had 11,916 employees (March 31, 2009: 8,910), including 642 employees from HiChina. The related staff costs, including directors’ emoluments, for first quarter of 2010 were RMB517.5 million (first quarter of 2009: RMB339.8 million).

## **FINANCIAL REVIEW**

We continued to report a significant increase in the number of paying members of our combined marketplaces. As of March 31, 2010, we had 658,701 paying members, representing a 36.8% increase from March 31, 2009 and a 7.1% increase from the year end of 2009. As a result of the increase in the number of paying members and the consolidation of HiChina’s results, total revenue was RMB1,220.6 million in the first quarter of 2010, representing a 49.3% increase from the same period of 2009 and a 10.4% increase from the fourth quarter of 2009.

Revenue from our international marketplace increased to RMB718.9 million in the period, representing a 42.2% increase year-on-year and a 4.6% increase quarter-on-quarter. The growth was primarily due to the increase in the number of China Gold Supplier members and revenue from the sale of VAS. Our China Gold Supplier members reached 100,694 as of March 31, 2010, representing an increase of 44,884 year-on-year and 4,584 quarter-on-quarter. Our Global Gold Supplier members was 16,330 as of March 31, 2010, a decrease of 1,250 year-on-year and 1,456 quarter-on-quarter due to, as expected, the phasing out of the International TrustPass membership which was replaced by Global Gold Supplier in July 2009. Global Gold Supplier memberships included enhanced products and services but at a higher price. We anticipate that membership growth rates will improve as customers acclimate to the new offering.

Revenue from our China marketplace was RMB406.1 million in the period, a 34.9% increase year-on-year and flat from the fourth quarter of 2009. Our China TrustPass membership total reached 541,677, representing an increase of 133,492 year-on-year and 40,361 quarter-on-quarter, a record achievement due to the new business initiatives that we successfully launched during the period.

Other revenue was RMB95.5 million in the first quarter of 2010, representing a 792.7% increase from the same period last year and a 474.9% increase from the fourth quarter of 2009. The increase, both year-on-year and quarter-on-quarter, was mainly due to the first-time contribution by HiChina in the period.

Gross profit increased by 45.7% year-on-year to RMB1,026.3 million compared with RMB704.2 million in the first quarter of 2009 and by 7.0% as compared to RMB958.9 million in the fourth quarter of 2009. Gross profit margin fell slightly to 84.1% in the period, compared with 86.2% in the same period last year and 86.7% in the fourth quarter of 2009. This was mainly due to a higher cost of revenue as a result of the combined results from HiChina.

Total operating expenses were RMB706.1 million in the period, representing a 57.8% increase year-on-year from RMB447.5 million and a 3.8% decrease quarter-on-quarter from RMB733.9 million. The increase year-on-year was mainly due to the first-time consolidation of the expenses incurred by HiChina and the extensive marketing campaign that we launched to promote brand awareness and new offerings on our China marketplace. The decrease quarter-on-quarter was mainly due to a seasonal decline in marketing expenses.

Other operating income (net), grew to RMB49.3 million, representing an increase of 271.4% year-on-year and 18.0% quarter-on-quarter, which was mainly attributable to an increase in government subsidies by 343.9% year-on-year to RMB45.7 million as compared to RMB10.3 million in the same period last year, and by 25.3% from RMB36.5 million in the fourth quarter of 2009.

Our profit margin before interest, tax and amortization (“EBITA margin”) (non-GAAP) was 30.7% for the period, a slight decrease from 31.9% in the same period last year and an increase from 23.5% in the fourth quarter of 2009. EBITA margin before share-based compensation expense (non-GAAP) was 34.9% in the period, down slightly from 36.8% in the same period last year but up from 28.7% in the fourth quarter of 2009. The year-on-year decrease of EBITA margin was mainly due to our increase in sales and marketing expenses on China marketplace and the diluting effect after the consolidation of results of HiChina which reported, as expected, a lower EBITA margin. The quarter-on-quarter increase in EBITA margin was mainly due to a decrease in product and development expenses as a percentage of revenue which improved as a result of better synergies with and cooperation among Alibaba Group companies.

Net finance income, mainly consisting of interest income and foreign currency exchange differences, was RMB33.1 million in the period, a decrease of 15.0% year-on-year and flat compared with the previous quarter. Interest income for the period was RMB32.6 million, compared with RMB39.4 million in the same period last year and RMB33.0 million in the fourth quarter of 2009.

Share of losses of associated companies, net of tax was RMB3.8 million in the period, a 65.5% decrease from the same period last year and a 52.0% decrease from the fourth quarter of 2009. In accordance with prescribed accounting rules, the share of losses of associated companies have been limited to original investment costs and the current period’s recorded losses represented the write-off of the remaining amount of our investment costs carried on our balance sheet.

Income tax charges were RMB68.7 million in the period, a 34.0% increase from RMB51.3 million in the same period last year and a 548.4% increase quarter-on-quarter from RMB10.6 million. Our effective tax rate was 17.2% in the period which was higher than the income tax rate of 15% applicable to Alibaba (China) Technology Co., Ltd., 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 15.3% for the period.

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

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

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

Recurring free cash flow (non-GAAP) in the period was RMB438.4 million, representing a 27.9% increase year-on-year and a 36.7% decrease quarter-on-quarter. The increase year-on-year was mainly due to the strong increase of paying members, who prepay for their full-year memberships, as reflected in the increase in our deferred revenue and customer advances. The decrease quarter-on-quarter was mainly due to the seasonal slower sign up of new members in the first quarter and the payment made for the year-end bonus relating to 2009.

Cash and bank balances as of March 31, 2010 was RMB7,531.6 million, representing an 8.4% increase year-on-year and a 4.4% increase quarter-on-quarter. As of March 31, 2010, 94.2% (December 31, 2009: 95.5%) of our cash and bank balances was denominated in Renminbi.

## OUTLOOK

Looking ahead in 2010, we are cautiously optimistic that the global economy will continue to recover. A further pickup in external demand will likely help support export-related business activities in China. Meanwhile, the domestic consumption in China is also likely to keep rising. Although the current economic situation remains complex and rife with uncertainties, small businesses continue to be key drivers of economic growth, stability and job creation. We remain focused on bringing value to small businesses through our platforms.

Alibaba.com has proclaimed 2010 to be a “Year of Customer Service,” which means we remain committed to improvements in our business model and product offerings in order to create value for our customers. We believe that these improvements will result in wider adoption of VAS across our customer base, enhance membership retention and help our customers succeed in any economic climate.

## REVIEW OF FINANCIAL STATEMENTS

Our results for the first quarter ended March 31, 2010 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, May 13, 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  
KWAIK 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>