



Alibaba.com Launches Online Payment Solution in China

Alibaba.com Partners with China's Largest Banks to Provide Online Escrow Service for Businesses and Individuals

Beijing, China - February 2, 2005 – Alibaba.com announced today the official launch of its AliPay online escrow system and the www.alipay.com website, which makes AliPay available to all businesses and individuals in China. The payment system provides buyers and sellers with a comprehensive solution that resolves the issue of trust in online transactions while providing an efficient platform for transacting online.

"2005 will be the year online payment becomes a reality in China. With the help of our 10 million members, we expect AliPay will become the industry standard for safe online payments in China," said Jack Ma, CEO of Alibaba.com. "Today marks a new milestone for e-commerce in China and a fundamental breakthrough for online payment systems serving buyers and sellers."

To insure AliPay is China's safest way to trade online, Alibaba.com has partnered with four of China's largest national banks, including China Merchants Bank, China Construction Bank, Agricultural Bank of China, and the Industrial and Commercial Bank of China. As part of the AliPay launch, Alibaba.com also announced that it will guarantee all transactions made through the AliPay escrow system and reimburse any buyer or seller using the system who is found to have been a victim of fraud. "We are so confident AliPay is the safest way to trade online in China, that we are going to fully guarantee the service with our own money," said Ma.

In the first several months' testing period, the AliPay service proved a success with the 4.5 million members of Taobao.com (www.taobao.com), an Alibaba.com subsidiary. Of its more than 4.96 million product listings, 70% of the posted products on Taobao.com include a request that buyers use the AliPay service. Products that have already been sold through AliPay include jewelry, cars and real estate. With the official launch of AliPay, the service is now officially open to all buyers and sellers in China, whether or not they are Alibaba.com or Taobao.com members.

A Payment Solution Designed for China's Local Conditions

Despite a growing Internet-savvy middle class, online purchases in China have been slow to take off with traditional payment systems. Credit card-based payment systems that succeeded in North America and Europe have proven

ineffective in China, where credit card usage remains low. Even more important than credit card penetration rates, is the issue of trust between buyers and sellers in a business environment where personal relationships and cash-based transactions have served as the traditional means of securing and settling a deal. AliPay is designed to overcome these hurdles with a model specific to China's needs. "When it comes to online payment systems, one size does not fit all," said Ma. "There is an American model for America, a European model for Europe, and the AliPay model for China."

How AliPay Works

To conduct a transaction using AliPay, a buyer first sends his payment to an AliPay account, where it is held in escrow. Once the buyer indicates that the product has been received, the money is transferred from AliPay to the seller. With Alibaba's full guarantee for each AliPay transaction, buyers and sellers may transact online with confidence. This, combined with Alibaba and Taobao's trust rating systems for members, provides buyers and sellers a comprehensive way to evaluate business partners, build relationships, and transact online.

Notes to editors

Taobao.com is a unit of Alibaba.com and is China's most popular C2C trading site with 4.5 million registered users. Since its founding in May 2003, Taobao has risen to become a leader in China's consumer e-commerce market. Compared with similar services, the website has the highest number of product listings and the highest penetration among China's 90 million Internet users.

Alibaba.com is the world's largest online marketplace serving small and medium-sized businesses. Alibaba.com ranks first by usage among B2B e-commerce and trading web sites, according to Alexa.com, the authoritative independent company that tracks web site usage. The Alibaba group of companies runs three marketplaces on the Internet: www.alibaba.com, the largest import/export web site in the world matching international buyers with exporters from China and other manufacturing countries; china.alibaba.com, China's largest online platform for domestic B2B trade; and www.taobao.com, a leading online platform for consumer e-commerce in China including C2C auctions and B2C shopping. Alibaba was founded in 1999 and is privately held. The company is based in Hangzhou, eastern China, and has 1,900 employees worldwide.