



Alibaba Group Makes RMB5 Billion Investment in Taobao Taobao Continues to Offer Free Service to Users

Beijing, China – 8 October 2008 – Taobao, China's largest consumer e-commerce company, today announced that its parent company, Alibaba Group, will invest RMB5 billion (US\$732 million^[1]) over the next five years to further strengthen the Taobao marketplace (www.taobao.com) as the shopping destination of choice for Chinese consumers. The investment will be used for building a world-leading platform for merchants and providing the best online shopping experience for consumers. In addition, Taobao will continue to offer its services for free to buyers and individual sellers.

Taobao is the most trusted online commerce platform for Chinese consumers. According to China IntelliConsulting Corporation, 33% of China's Internet users have shopped online and 76% of these users have purchased items on Taobao.

Since its founding in 2003, Taobao has created an e-commerce ecosystem consisting of 80 million registered users and over 1 million sellers, as well as third-party service providers in payment, logistics and verification and a network of 400,000 web publishers in its affiliate marketing program. Moreover, Taobao will soon open its technology platform to independent software vendors (ISVs) to develop applications for Taobao's substantial user base, including advanced product display and special visual effect functionalities.

With 200 million items in selection, Taobao gives Chinese consumers the most comprehensive product choice on the Internet. Today, Taobao takes care of the everyday shopping needs of Chinese consumers, who purchase items such as clothing, accessories, cosmetics, home appliances, mobile phones, computers and digital cameras.

Jonathan Lu, President of Taobao, said, "The RMB5 billion investment into the Taobao ecosystem demonstrates our long-term confidence in the Chinese economy, our optimism for China's domestic consumption and our commitment towards creating job opportunities for entrepreneurs who harness the power of the Taobao marketplace."

He continued, "Given the rapid growth of Internet use in China, we expect online shopping will become a mainstream Internet application in the near future. Today, only one-third of Internet users in China have shopped online and we believe that

by continuing to offer Taobao's services for free we can accelerate e-commerce adoption and market growth."

According to iResearch, China's online shopping market grew in gross merchandise volume (GMV) from RMB16 billion in 2005 to RMB56 billion in 2007. iResearch further projects that industry GMV will be RMB126 billion in 2008, growing to exceed RMB500 billion by 2011. The 33% online shopping penetration rate estimated by China IntelliConsulting Corporation in September 2008 has increased from 26% estimated by iResearch in 2007.

[1] Using exchange rate of 1USD = 6.831 RMB