



Alibaba Group Helps Chinese Manufacturers Tap Growing Domestic Demand

Alibaba.com and Taobao join forces to promote benefits of 'net products'

Guangzhou, May 17, 2009 – More than 50,000 invited guests, including small export-oriented manufacturers and Chinese retailers, gathered here this weekend to learn from leaders of Alibaba Group and its major subsidiaries Alibaba.com and Taobao how they can capitalize on e-commerce and the Internet to tap the growing demand in China's consumer market, increase profits and create employment opportunities.

Alibaba.com (HKSE: 1688.HK), the global leader in B2B e-commerce, and Taobao, Asia's largest online retail marketplace, joined forces to host the first "Online Merchant Trade Fair," with support from the Guangdong Provincial and Guangzhou Municipal People's Governments. The aim of the event was to connect 30,000 high-ranking Taobao merchants directly to more than 400 formerly export-focused small and medium-size manufacturers as relationships forged here can help these manufacturers off-set the temporary decline in demand from international markets by introducing their goods to domestic consumers, and can provide Taobao's best sellers with new sources of high-quality goods.

Jack Ma, Alibaba Group founder and CEO, spoke at the two-day event about the longer-term benefits of e-commerce and the efficiencies of the Internet, which are leading to a global revolution in the way products are made, marketed and sold. He told attendees: "The world is on the cusp of a new model that shifts power away from big business and gives it to consumers, small manufacturers and e-retailers."

Thanks to the 'long-tail' effect of the Internet, consumers benefit from nearly unlimited choice and the ability to tell manufacturers exactly what they want. Manufacturers benefit because the efficiencies of the Internet allow them to reach out to end users directly, shortening the value chain between the factory and the consumer. Retailers benefit by lowering their costs of doing business by, for example, cutting down on marketing costs for unwanted inventory. As a result, consumers get what they want at a fair price, and manufacturers and retailers retain more profits by cutting down unnecessary costs that plague today's manufacturing and distribution model.

"We are moving toward a business eco-system where manufacturers will make 'net products' -- goods designed for sale solely on the Internet that also may be personally customized for buyers -- and offer them at 'net prices,' or amounts that both recognize and pass along to consumers the savings the efficiency of e-commerce provides," Ma said. "Netpreneurs™, as we at Alibaba call those entrepreneurs from around the world who are moving rapidly to capitalize on this trend, will also be able to retain a greater portion of the sale price as their profit margin and as a result will be the big winners in the business world of the 21st Century."

Taobao is the largest Internet retail website in China with more than 100 million registered users^[1]. In 2008, Taobao's transaction volume, or gross merchandise volume, surged 131 percent from the year before to nearly US\$15 billion, which exceeded the sales volume of China's largest mass retailer and equals approximately 1 percent of China's total retail trade in 2008^[2]. As part of this effort to assist SMEs, Taobao will share trend information on buyer queries and purchases made on its website to help Alibaba.com's B2B manufacturers react promptly to market demand. Alibaba.com has around 32 million registered users on its Chinese B2B marketplace (Alibaba.com.cn), including more than 400,000 domestic suppliers who have been authenticated and verified by an independent third-party agency. It lists millions of products every day in 4 million online storefronts from more than 6,000 different product categories.

The majority of exhibitors at the "Online Merchant Trade Fair" came from industries ranging from apparel, to consumer electronics, home supplies and appliances, and arts and crafts. About 10,000 university students, many of whom expressed interest in becoming Taobao merchants, and tens of thousands of residents of Guangdong Province also took part in the event.

Following the success of this first Fair, Alibaba Group will organize other events in the Pearl and Yangtze River deltas, Beijing and Tianjin, as well as in major markets outside China in the future.

[1] As of end of 2008

[2] According to statistics released by the Chinese Ministry of Commerce



About Alibaba Group

Alibaba Group is a global e-commerce leader and the largest e-commerce company in China. Since it was founded in 1999, Alibaba Group has grown to include the following core businesses: Alibaba.com, Alibaba Group's flagship

company and the world's leading B2B e-commerce company; Taobao.com, China's largest consumer e-commerce company; Alipay.com, China's leading online payment service; Yahoo! Koubei, a company providing online classified listings for local services and search; and Alisoft.com, an Internet-based business management software company targeting SMEs in China.

About Alibaba.com Limited

Alibaba.com Limited (HKSE: 1688.HK) is the global leader in business-to-business (B2B) e-commerce and the flagship company of Alibaba Group. Founded in 1999, Alibaba.com makes it easy for millions of buyers and suppliers around the world to do business online through three marketplaces: a global trade marketplace (www.alibaba.com) for importers and exporters, a Chinese marketplace (www.alibaba.com.cn) for domestic trade in China, and, through an associated company, a Japanese marketplace (www.alibaba.co.jp) facilitating trade to and from Japan. Together, its marketplaces form a community of over 40 million registered users from more than 240 countries and regions. Headquartered in Hangzhou, Alibaba.com has offices in more than 40 cities across Greater China as well as in Europe and the United States.

About Taobao

Taobao (taobao.com) is the largest online shopping marketplace for consumers in Asia. With a registered user base of nearly 100 million, Taobao reaches an overwhelming majority of online shoppers in China. In 2008, Taobao's transaction volume, or gross merchandise volume (GMV), was RMB99.96 billion, up 131 percent year-on-year. Since its launch in 2003, Taobao has grown into an ecosystem where over 1 million online merchants reach a growing online consumer population in China.

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