

# China's Alibaba posts 16.6% rise in 2011 net profit

February 21 2012, by Stephen Coates

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A pedestrian walks past Alibaba.com advertising in Hong Kong. Chinese Internet company Alibaba posted a net profit of 1.71 billion yuan (\$271.48 million) in 2011, up 16.6 percent over the previous year, but with weakness in the fourth quarter.

Chinese Internet company Alibaba on Tuesday posted a net profit of 1.71 billion yuan (\$271.48 million) in 2011, up 16.6 percent over the previous year, but with weakness in the fourth quarter.

The firm said its fourth-quarter net profit fell 6.0 percent from a year earlier, citing cautiousness due to the sluggish [global economic environment](#).

The Hong Kong-listed online commerce giant which is 43 percent owned by Yahoo! said its annual earnings before interest, tax and amortisation

climbed 21.9 percent to 1.94 billion yuan.

This was based on more than 76 million registered users, an increase of 23.5 percent over the previous year.

"The [global economy](#) was sluggish in 2011 due to lacklustre economic conditions in the major developed markets," [Alibaba](#) said in a statement.

"Cautious sentiment is restraining consumption in developed economies, which is negatively impacting [emerging economies](#) and developing nations. China is unlikely to prove immune to the [global slowdown](#)."

Hangzhou-based Alibaba is reportedly planning to borrow \$3 billion to buy back the stake Yahoo! owns in the company, as the struggling US Internet firm overhauls its Asia holdings.

Alibaba Group chairman Jack Ma has a longstanding offer to buy all or part of Yahoo!

Shares in Alibaba were suspended at the board's request on February 9 due to [media speculation](#) about its Yahoo! buy-back plans. Its share price had dropped 44 percent in the 12 months leading up to the suspension.

Looking ahead, Alibaba said it would continue to invest in new businesses and focus on improving standards for trust and safety, following a successful and ongoing crackdown on fraud across its e-commerce platforms.

It expected a "more balanced, multi-revenue stream model" as the strategy shifted away from membership growth and tilted towards improved quality.

This will "take time and require continuous investment", and could

"adversely affect our membership growth, [financial performance](#) and limit earnings visibility in the near term", the company said.

Despite the gloomy global outlook, demand from small businesses for online sales and marketing services was on the rise.

"Small businesses usually prefer variable, performance-based services as they aim to maximise their return on investment for the marketing dollars they spent," it said.

"This trend supports our view that e-commerce is becoming indispensable for small businesses."

Alibaba's China marketplace saw "steady growth" during the year, with a 16.1 percent rise in registered users as of December 31 to 50.8 million, spread across 7.8 million storefronts.

International user numbers shot up 41.6 percent to 25.5 million, mainly in the United States and Europe.

"The increased user base contributed to increasing user traffic and buyer activities. In December, our overseas daily average traffic in terms of unique visitor saw a year-on-year growth of 58 percent," the company said.

Alibaba operates Taobao, the biggest online shopping site in China.

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