Alibaba revenue jumps ahead of shopping bonanza Singles Day

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E-commerce giant Alibaba reported net profit of $2.6 billion, a 13 percent year-on-year increase

Chinese e-commerce giant Alibaba Friday posted a 54 percent boost in revenue in the second quarter and saw profits rebound ahead of Singles Day, the largest shopping holiday of the year in China.

Alibaba reported a net profit of 20 billion yuan ($2.9 billion), a 13 percent year-on-year increase, with strong revenue from its core business.

This compared to a 41 percent drop in profits in the previous quarter after Alibaba handed out compensation awards for employees related to Ant Financial, Alibaba's finance affiliate.

But profits in the second quarter were "tempered" due to investments outside of the company's core e-commerce business, including those in digital entertainment and media, said Maggie Wu, chief financial officer of Alibaba Group.

The company also consolidated its food delivery unit Ele.me and logistics arm Cainiao Network, resulting in a 19 percent year-on-year decrease in income from operations, which hit a total of 13.5 billion yuan ($1.97 billion).

Overall, Alibaba's second quarter growth figures showed steady growth, despite concerns over an economic slowdown in China amid its trade war with the United States.

Revenue from the company's cloud business grew 90 percent year-on-year, while daily average subscribers of Youku, Alibaba's video streaming platform, more than doubled this quarter.

The e-commerce giant has also continued to invest in what it calls "new retail," which optimises in-store sales and service using data culled from online. Hema, a grocery store launched by Alibaba in 2015, is one of the company's flagships of "new retail," as customers can shop and dine in-store as well as order groceries online.

On November 11, the company will enjoy one of its busiest days of the

year or Singles Day, which features discounts and deals across Alibaba's two major e-commerce sites, Tmall and Taobao.

Last year, Alibaba's net profit soared 35 percent after record-breaking sales during its annual shopping festival.

Still, China's largest e-commerce company has decided to play it safe "in light of current fluid macro-economic conditions," said Alibaba in its quarterly earnings report.

The company has cut back its fiscal year 2019 annual revenue predictions from 383 billion yuan ($55.66 billion) to 375 billion yuan ($54.49 billion).

In September, Jack Ma, the company's 54-year-old charismatic chairman, sent a jolt through China's business community when he announced plans to step down in 2019.

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