Alibaba revenue up 34 percent as coronavirus fuels online spending

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Alibaba reported strong 34 percent revenue growth for the last quarter despite the coronavirus

Chinese e-commerce leader Alibaba on Thursday reported solid 34 percent growth in revenue for the April-June quarter in the latest sign that the coronavirus, rather than hurting the company, had actually helped.

Hangzhou-based Alibaba said revenue—a key measure of the internet giant's business health as well as overall Chinese consumer spending—rose to 153 billion yuan ($22 billion), slightly exceeding a Bloomberg analyst poll.

The coronavirus, which emerged in China late last year, hammered the Chinese economy, causing a historic 6.8 percent contraction in the first quarter of 2020.

But Alibaba and other Chinese tech titans have largely shrugged off the impact, and Chairman Daniel Zhang made clear the pandemic and its associated lockdowns and social distancing were fuelling turnover by consumers opting for the safety of online shopping.

"We were well-positioned to capture growth from the ongoing digital transformation, which has been accelerated by the pandemic, in both consumption and enterprise operations," he said in a statement accompanying Alibaba's earnings announcement.

Profit jumped 124 percent in the quarter to $6.7 billion, due mainly to gains in equity investments, it said.

But Alibaba could find itself in the crosshairs of Trump administration efforts to squeeze Chinese tech giants.

The US has for two years waged an escalating campaign to isolate telecom company Huawei, and is now also threatening to shut down video-sharing service TikTok unless Chinese parent ByteDance sells it to an American company.

President Donald Trump has said both companies pose threats to use national and data security and has hinted in recent days that other companies, possibly including Alibaba, may face similar US pressure.

Trump also in May ordered a probe into Chinese companies listed on American financial markets, which include Alibaba, JD.com, Baidu and a host of others, amid rising tensions between the world's two biggest economies.