China tech giant Alibaba posts modest yearly revenue growth

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Alibaba is one the biggest players in China's tech industry.

Chinese e-commerce giant Alibaba announced Tuesday a modest increase in annual revenue, as the firm pursues a major overhaul and regulatory curbs on the country's tech sector are relaxed.

The Hangzhou-based company is one of the biggest players in China's tech industry, with operations spanning retail, digital payment, artificial intelligence and entertainment.

Alibaba posted revenue of 941.2 billion yuan ($130.4 billion) in the fiscal year ending March 31, up eight percent year-on-year, a statement by the firm showed.

Net income for the period stood at 71.3 billion yuan, up nine percent year-on-year, the statement also showed.

Alibaba announced plans last year to undergo a significant restructuring that would see it split into six entities, each managed by its own CEO and board of directors.

"During fiscal year 2024, we repurchased US$12.5 billion of shares and our board of directors has approved a US$4.0 billion dividend for fiscal year 2024," said Toby Xu, the group's Chief Financial Officer.

China's tech sector has suffered under a regulatory crackdown by Beijing that began in 2020, prompted in part by the government's fears that too much power and capital had been amassed by a few firms.

But Beijing has signaled recently that the period of intense regulatory scrutiny is winding down, as new headwinds threaten to drag on the world's second-largest economy.

Alibaba's decision to restructure is seen by analysts as intended to make the firm more nimble and help isolate parts of the business from potential future crackdowns.

But the firm's planned overhaul has encountered obstacles.

In March Alibaba withdrew a planned initial public offering (IPO) for its logistics arm Cainiao, saying it would support the platform "to execute a long-term strategic expansion of its global logistics network".

And last November saw the firm cancel a spin-off of its cloud computing business—a planned move that was also part of the overhaul blueprint.

Uncertainty about Alibaba's future development has persisted ever since top leaders in Beijing scuttled a planned IPO of its financial services arm, Ant Group, in late 2020.

The cancelled public listing—which would likely have been the biggest in history—was followed one month later by an announcement that Alibaba was under formal investigation in China for alleged monopolistic practices.

Sluggish spending

Alibaba on Tuesday said it was still committed to long-delayed plans to convert to a dual primary listing in both New York and Hong Kong, nearly two years after announcing the plan.

"We have been preparing for our primary listing in Hong Kong and currently expect to complete this conversion by the end of August 2024," it said in its filing on Tuesday.

Tuesday's release of annual earnings was the first since Alibaba announced in September the surprise departure of former CEO Daniel Zhang.

Zhang has since been replaced by Joseph Tsai as chairman and Eddie Wu as CEO. Both positions were held by Zhang prior to the reshuffle.

Fiscal year 2023 yielded lackluster results, with annual revenue increasing by just two percent year-on-year.

Founded in the eastern city of Hangzhou in 1999 by entrepreneur-turned-celebrity Jack Ma, Alibaba is a key player in the country's digital sector and is considered a barometer of consumer spending in China.

Fellow internet giant Tencent posted weakened revenue growth in the first three months of this year, also on Tuesday.

Tencent said its first quarter revenue grew six percent, the weakest growth recorded by the firm in over a year as it continues its push into AI.

The Shenzhen-based company is one of the most valuable players in China's tech industry. It operates the country's ubiquitous "super-app" WeChat and offers diverse offerings in gaming, cloud computing, content streaming, and artificial intelligence.

Beijing has been seeking to increase state support for a flagging economy in recent months, as high youth unemployment and a spiraling debt crisis in the property sector threaten to drag down growth.

Retail sales growth—a key gauge of consumer spending—slowed to 3.1 percent year-on-year in March, official statistics showed last month, down from 5.5 percent in the first two months of 2024.

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