

Daniel Zhang -- *Chairman and Chief Executive Officer*

Hello, everyone. Thanks for joining our earnings call today. We have delivered another strong quarter. Although the global community continues to struggle with uncertainties surrounding the pandemic, we have seen encouraging signs of recovery in China due to effective management of the outbreak in vast majority of the country.

COVID-19 has accelerated digital transformation of consumer behavior and enterprise operations. Alibaba is a key beneficiary of this development with most of our businesses, including core commerce and cloud computing, have recovered and resumed healthy growth. The pandemic has fundamentally altered our macroeconomic environment and everyday life, but it has also introduced new opportunities. Digital adoption and transformation is a prevailing trend in this changed landscape, and we are confident that we can create Alibaba's future by capitalizing on the opportunities in this challenging environment.

Just as we did in 2003 during SARS and in 2008 during the global financial crisis. In the 12 months ended June 2020, annual active consumers on our China retail marketplaces reached 742 million, representing a quarterly net increase of 16 million. Mobile MAUs on our China retail marketplaces reached 874 million, an increase of 28 million since March. These numbers reflect Taobao's continuing strong consumer mind share, healthy user stickiness, and engaging user experiences as the world's leading consumer community.

Tmall online physical goods GMV, excluding unpaid orders, grew 27% year over year with all major categories growing at a similar or faster rate relative to December 2019 quarter. Our unparalleled product offerings and engaging user experiences contributed to higher purchase frequency, as well as higher average spending per customer across all city tiers that increased both year over year and quarter over quarter. In terms of user acquisition, we continued to increase our penetration in less-developed markets. Taobao Deals, our new mobile app targeting value-conscious consumers, reached 40 million MAU in June.

The disruption in international tourism presented an opportunity for our import commerce business. Tmall Global, the leading cross-border import platform in China, grew over 40% year over year in GMV, excluding unpaid orders. Looking forward, our China retail marketplaces will focus on the following areas: number one, continue to drive user acquisition, especially in less-developed markets and work toward reaching our midterm goal of serving more than 1 billion Chinese consumers; number two, continue expanding our product supply, especially in categories currently underpenetrated by e-commerce; and number three, continue to enhance the shopping experience and the path to purchase on our platforms through new content formats, such as live streaming and short videos. Our investment in new retail over the past several years have well positioned our grocery business, Freshippo, Tmall Supermarket and Taoxianda, to capture unprecedented growth opportunities during the pandemic and continue to see healthy growth momentum in the past quarter.

More than 60% of Freshippo's GMV came from online, and the stores, which have been in operation for more than one year, enjoyed double-digit same-store growth. Tmall Supermarket's half-day delivery services, which leverage Sun Art's store-based inventories, gained widespread popularity among consumers and helped Sun Art increase consumer reach and create incremental sales. We enabled approximately 15% of Sun Art's total revenue during the June quarter. Ele.me successfully rolled out an important branding upgrade in July.

The new brand proposition, anything you love, we deliver, represents the transformation of Ele.me from a food delivery platform into a comprehensive, digitalized local service platform. In addition to food and beverage, Ele.me now also delivers everyday necessities such as grocery, fresh produce, medicines and flowers from local merchants. In the June quarter, Ele.me achieved positive unit economics as a result of improved operational efficiency. It also received positive year-over-year GMV growth, signaling healthy recovery of the business.

We also saw promising early stage results in Ele.me's strategic cooperation with Alipay. During the past quarter, approximately 45% of new customers ordering food delivery on Ele.me was contributed by the Alipay mobile app. We will further deepen the cooperation, and we believe there is significant potential for value creation by combining Ele.me and the power of entire Alibaba ecosystem to capture opportunities that will emerge from the ongoing digital transformation of the food and beverage and retail industries. We will continue to invest in this area.

Lazada continued to show strong progress in the last quarter with order volume growing more than 100% year over year. The pandemic has significant impact on many Southeast Asian countries, and it has converted many consumers into online shoppers. We believe the increasing adoption of online shopping is beneficial for healthy growth of the region's e-commerce industry over the long term. Southeast Asia continues to be the strategic priority in our globalization strategy.

In this highly competitive region, with Lazada's new leadership in place, we aim to build a sustainable digital business, leveraging Alibaba's technology to serve local consumers and business partners. During the June quarter, AliExpress, our cross-border export marketplace, saw order conversion and delivery time negatively impacted by challenges in cross-border logistics, but the situation has started to improve in July. Alibaba.com and 1688.com, two of our oldest businesses, saw new market opportunities this year. Many international wholesalers have turned to Alibaba.com to source products from China as global supply chains were disrupted and the Chinese factories were the first to resume production.

In June, daily active buyers on Alibaba.com increased over 100% year over year. 1688.com also saw more than 50% year-over-year growth in daily active buyers as a result of increasing number of SMEs, especially small retailers looking for supply as Chinese economy reopen. The pandemic has also transformed the way enterprises work, accelerating demand for cloud infrastructure and services. According to IDC's latest report, Alibaba Cloud maintained its position as the largest public cloud

service provider in China, which is a testament to Alibaba Cloud's strengthening market leadership.

In the June quarter, our cloud computing revenue grew 59% year over year in sectors such as Internet, financial services, consumer retail, and public services. Alibaba Cloud not only provides infrastructure as a service but also develops industry-specific technology and business solutions to address real-world application requirements for our customers. As offices and the schools reopen in China, DingTalk's DAU moderated from the peak level but remained over 100% higher than pre-COVID-19 levels. Approach to work and education have changed fundamentally.

And DingTalk will be the important digital collaboration platform for working and learning moving forward, connecting all industries to services on cloud. For our digital media and entertainment business, Youku's daily active subscriber base increased by more than 60% year over year during the quarter with the release of popular TV series and variety shows. In July, cinemas started to gradually reopen in China, and Alibaba Pictures has been preparing for business to resume. We are closely monitoring the pace of recovery.

Recently, we decided to stop the operations of UCWeb and other innovation initiatives in India after extensive review of the business. We don't expect it to have a material impact on the group's overall financial performance. Today, we face uncertainties from not only the global pandemic but also increasing tensions between U.S. and China.

As the world's largest e-commerce platform, Alibaba's primary commercial focus in the U.S. is to support American brands, retailers, small businesses and farmers to sell to consumers and trade partners in China, as well as the other key markets around the world. We believe global trade will continue, and Alibaba's active pursuit of our mission to make it easy to do business anywhere are fully aligned with the interest of both China and the United States. We are closely monitoring the latest shift in U.S.

government policies toward Chinese companies, which is in very fluid situation. We are assessing the situation and any potential impact carefully and thoroughly and will take necessary actions to comply with any new regulations. Now, I will turn over to Maggie who will walk you through the details of our financial results.

Maggie Wu -- *Chief Financial Officer*

Thank you, Daniel. Thank you, everyone, for joining us tonight. I'd like to review our financial highlights for June quarter. We delivered a very strong start to our new fiscal year.

Mobile MAUs in June was 874 million, quarterly net adds of 28 million; and annual active consumers was 742 million, quarterly net adds, 60 million. We continue to acquire new users and consumers from less-developed areas of China, reflecting our ongoing success in broadening product offerings to meet different demands. The

purchase frequencies and spending of our consumers coming from less-developed areas also continue to improve. Our total revenue was RMB 154 billion, up 34% year over year.

The increase was mainly driven by the robust growth of China commerce retail and cloud computing businesses. Our domestic core commerce business has fully recovered from the COVID-19 impact and showing strong growth. Cloud computing revenue grew 59%. Our free cash flow in June quarter increased by 39% to RMB 36 billion.

Our strong profit growth and cash flow enables us to continue to strengthen our core business and invest for longer-term growth. Now, let's move on to revenue in details. China commerce retail grew 34% year over year. Customer management revenue grew 23% primarily due to increased revenue contribution from search-related revenue, as well as new monetization format.

This new format includes recommendation fees and things like live streaming. We see number of paying merchants and spending per merchants both increased. Commission revenue was up 17%. Commission revenue growth was primarily driven by solid 27% growth in Tmall physical goods paid GMV.

The gap between the growth of commission revenue and Tmall physical goods paid GMV growth was mainly because of faster growth in FMCG and consumer electronic categories that have lower blended commission rates and also because of our initiatives to support our merchant customers, including our waiver of annual service fees for the first half of 2020. Revenue from Cainiao grew 54% year over year. This was primarily caused by the fast growth of our cross-border businesses such as Tmall Global, supported by increased adoption fulfilled by Cainiao services. Revenue from local consumer services was RMB 7.1 billion, up 15%.

This is due to an increase in average order value and ongoing recovery in on-demand delivery GMV growth. Unit economics per order for the nondemand delivery businesses was positive during the quarter, reflecting improved delivery network efficiency, as well as enhanced marketing efficiency that leverage our consumer insights technology. This has led to further narrowing of losses year over year for the local consumer service. Our merchant acquisition continued to accelerate for this local consumer services.

AliCloud continued its strong growth. So we show 59% year-on-year growth in revenue. And at the same time, the losses continue to be narrowed. So our average revenue per customer continued to improve, and all the cost services across are growing very well.

So for DME and innovation initiatives, one thing worth to mention about is that our online gaming business, which was developed from acquired businesses, has been growing well. So it is not recognized as part of the DME segment as it grew into sizable revenue and user scale and was moved out of the incubator, which is the innovation initiatives segment. Let's take a look at our cost trends. Cost and expense

growth generally kept pace or was lower than revenue growth, reflecting ongoing improvement in operating efficiency.

The savings from operating efficiency improvements were reinvested into strategically important businesses with strong long-term growth potential. Let's move to segment reporting. We continue to enjoy solid revenue growth by segments. The strong profitability coming from the core businesses enables us to invest for the future.

For the core commerce segment, market-based core commerce profitability grew strongly to RMB 55.5 billion, up RMB 8.7 billion year on year. Developing businesses such as local consumer service, Lazada, new retail and Cainiao, all showed strong operating performance and improved operating efficiency. The combined losses of these development businesses was narrowed by RMB 1.5 billion to RMB 4.2 billion, which contributed to the 25% EBITDA growth of the overall core commerce segment. Cloud computing, we talked about the loss margin will narrow to 3%.

For digital media and entertainment, we continue to focus on reducing losses in Youku through content cost control while increasing paying subscribers' growth. Losses reduced by about RMB 1 billion year on year to RMB 1.3 billion for DME segment. Innovation initiatives and others. The increased losses were primarily due to our investment in DingTalk businesses and also AutoNavi for the user expansion, as well as the technology research and innovations.

So overall, our business continued to deliver strong profit growth with improving efficiency. At the same time, we use our incremental profit to continue to invest back to our business. So June quarter free cash flow and capex. Our businesses overall continued to show strong profitability and cash flow.

As of June 30, cash, cash equivalents, and short-term investments were RMB 382 billion, which is over USD 50 billion. For the quarter, free cash flow was RMB 36.6 billion, which increased by 39%, mainly due to our robust profitability growth. The June quarter other financial metrics. The share of results of equity method investees in the quarter was RMB 349 million.

We record our share of results of all equity method investees one quarter in arrears. Thus, for this June quarter earnings, we're recognizing our investees March quarter share of results. But you can tell that the Ant's group has performed well in March quarter. The COVID-19 pandemic has caused a widespread disruption to the economy, which has and could continue to impact our investee companies.

So June quarter GAAP to non-GAAP net income reconciliation is shown on this page and is self-explained. So looking ahead, China has managed the pandemic and -- the whole process is managed very well, and the economy recovered very quickly. So our group has benefited from the overall China's recovery, as well as the accelerated digitization of our customers. Our core and new businesses all developed well.

This allows us to have multi-engine drivers for the revenue and profit growth. Our strong profit growth will make it possible for us to reinvest. We will continue to reinvest our incremental profits back to our businesses and continue to expand our market leadership in various areas. Before our Q&A session, we would like to announce that our investor day will be held on September 28 to 30.

This time, it will be a virtual one due to the pandemic, the limitation on travel of people. So we hope to provide in-depth business update as we did in previous investor days. Details will be posted on the Investor Relationship section of Alibaba Group's website. Now, we can open up for questions.

Thank you.

Robert Lin -- *Head of Investor Relations*

Hi, everyone. For today's call, you are welcome to ask questions in Chinese or English. A third-party translator will provide consecutive interpretation for the Q&A session. And our management will address your questions in the language you asked.

Please note that the translation is for convenience purpose only. In the case of any discrepancy, our management statement in the original language will prevail.

[Foreign language] Operator, please connect speaker and SI conference line now. Please start Q&A session when ready.

Questions & Answers:

Operator

[Operator instructions] Your first question comes from the line of Eddie Leung from Bank of America. Please ask your question.

Eddie Leung -- *Bank of America Merrill Lynch -- Analyst*

[Foreign language] Thank you. My question is given the existence of several large e-commerce platforms in China, in parallel, all of them already being at considerable scale, meaning that there are bound to be some consumers who are on multiple platforms simultaneously. The question is, in the future, what consumers, under what circumstances, and with respect to what products do you see specifically coming to Alibaba's platforms?

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. I will answer that question. With respect to Alibaba's China retail marketplaces for consumers, what we offer is an integrated service

experience with the widest and richest product assortment, with highly competitive pricing, with excellent service that's provided presale, during sale, and post sale. And therefore, we're already positioned to meet the needs of all kinds of different consumers in different categories.

That's why Alibaba is the No. 1 choice for online shoppers in China, and we'll continue to keep working to keep that case. Secondly, from the merchant perspective, we have Tmall where brands make their goods available to consumers. You can buy goods, in particular, new goods directly from brands.

We also have Taobao where goods are made available through many different channels to consumers, including now with direct sourcing from origin, including of agricultural and food products. So the fact is that we can meet a whole range, the full range of different needs and demands from consumers, both in terms of different categories and products and also in terms of the range. You can have some consumers who are more affluent, but they could be also looking for value-for-money offerings. But in other cases, they'll be looking for products of higher quality or of higher level of service.

So our intention is to continue to provide more options and to meet needs in all of those different areas.

Eddie Leung -- *Bank of America Merrill Lynch -- Analyst*

Daniel, thank you.

Operator

Your next question comes from the line of Alicia Yap of Citigroup. Please ask your question.

Alicia Yap -- *Citi -- Analyst*

Hi. Good evening, management. Thanks for taking my questions, and congrats on the solid results. My question is on your international retail business, especially Lazada.

What is your latest view for the e-commerce evolution in Southeast Asia regions? What are the differentiated approach that you have, your competitive strength? And any areas that you think there are rooms to change or improve that you foresee how the landscape will evolve as compared to China and in the region and how Lazada will position that? Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thanks, Alicia. Let me answer this question. I think, as I said in my script, Southeast Asia market is our strategic priority for Alibaba's globalization

strategy. And I think when we look at our Lazada's operation, we expect to build a more tech-driven, AI-driven sustainable business.

Actually, today, in this market, the competition is very extensive, and the people invest and even certifies the buyers, sellers, even shipping fees and trying to get the short-term growth. But we strongly believe we need to build a long-term, sustainable business. So our advantage is, first, is about Alibaba technology infrastructure and especially our experience and know-how and technologies in the AI and in the search and recommendation and the supply and demand match mechanism. I think this is our big advantage.

And after Lazada's business transformation, we are also -- actually, we are today gaining the benefit from this, I mean, technology implementation. And second, I think as part of Alibaba's operation, we have a big advantage to supply the Southeast Asian market with the goods from China and from other countries. Today, actually, Lazada is not the ICD business to Alibaba. Actually, this is part of Alibaba's global network, and we are trying to sell not only from local to local but also China to Southeast Asia and other countries to Southeast Asia.

And at the end of the day, I think we are trying to build a global network and to sell anywhere, buy anywhere. And the third one, I think, today, for Lazada, we also have different segments, and we have our large mall for brands operation, which provide high-quality product directly from brands and with good fulfillment delivery services. We have our Lazada marketplace, which is more like a small B2C or even C2C. And as I said before, we have like large global, which is a cross-border business from China and other countries.

We will continue to invest and enhance the position of each of the marketplaces and provide an integrated experience to our customers. And as to the difference, I mean, between China market and our Southeast Asia market, I would say I think maybe the biggest difference is that, actually, in Southeast Asia, social network is very popular. And there are a couple of very important players in this market. And the merchants also loves to interact with customers of our social network.

So how to leverage the power of social networks, I think it's a very important goal to us. So actually, we have done a lot, and we will continue to do further. Thank you.
[Foreign language]

Alicia Yap -- *Citi -- Analyst*

Thank you, Daniel.

Operator

Your next question comes from the line of Binnie Wong of HSBC. Please ask your question.

Binnie Wong -- *HSBC -- Analyst*

Good evening, management. Congrats on a very successful quarter and also on a successful June 18 Shopping Festival. Question is on the Taobao Deals. We saw on news that you soon launched short video channels to strengthen the ecosystem.

And while Douyin, on the other side, also talking about expanding e-commerce business, making it close loop. So question is, how do we differentiate when we talk about this live streaming and short video, I guess, in the terms of like social commerce? And how do we better help merchants to sustain the relationship longer with customers? And so far, do you see live streaming as cannibalized or incremental to merchants marketing particularly on Alibaba? Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] OK. I think, first of all, Taobao Deals targets value-conscious customers by offering high-quality products, high -- sorry, high-quality and value-for-money products. So I think the target customers for Taobao Deals actually is very, very clear. And as part of the consumer experience in Taobao Deal mobile app, we launched the short live streaming and short-form video.

But this is not a compete -- I mean, user experience is part of the consumer interface, but I think we are trying to give factories and suppliers a tool to manage their customers and also trying to give customers different experiences in their consumer journey on Taobao Deal. But I think the primary goal is still segment the Taobao Deal with the value-for-money products and the low-end customers. This is very clear. And the short-form video is just a consumer feature.

And this will highly integrated with the whole entire consumer journey in Taobao Deal mobile app. And in terms of the live streaming, I mean, activities in other player, including Douyin, I would say, actually, for our merchants, I think live streaming is a -- it's more like an event marketing and actually in there as part of their entire operation. And people can -- it's impossible for people to do seven-day, 24 hours live streaming and all the ways. And if you look at the details of live streaming today, actually, most of the merchants viewed it as a way to do promotion and acquire new customers.

But they do need a sustainable and day-to-day operation platform, which is Alibaba platform. So that's why a lot of merchants, they build their store from our platform, and they operate -- they're trying to bring all the consumers, customers from different, I mean, ways to Taobao and because this gives them a best way to operate, and this also gives them a highest ROI in their operation. And for Taobao live streaming, I think we also introduced live streaming in Taobao and Taobao Deal. And as we disclosed, the GMV from Taobao live streaming tripled, I mean, in this quarter.

I think this already is a very important, I mean, consumer feature. But that's not all. That's part of consumer experiences. And because of the incremental traffic generated from the Taobao live streaming, we're also identifying new opportunities for monetizing this, I mean, additional traffic in Taobao live streaming.

But once again, this monetization model is not a separate one. It's part of the whole solution, our entire solution we provide to our merchants to manage their customers on our platform for their entire life cycle.

Binnie Wong -- *HSBC -- Analyst*

That's super clear. Thank you, Daniel.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language]

Robert Lin -- *Head of Investor Relations*

Operator, next question, please. Operator, next question, please.

Operator

Your next question comes from Mark Mahini. Please ask your question.

Unknown speaker

OK. Thank you. I just wanted to ask about the AliCloud business. Can you talk about the sustainability of growth there? Are there particular industry verticals that you have recently seen be more aggressive in terms of cloud deployments? And just talk about what's happening in terms of the competitive dynamics, whether pricing remains relatively consistent, you're seeing more aggressive pricing in the industry.

Thank you very much.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Cloud is a fast-growing business. If you look at our revenue breakdown, obviously, cloud is enjoying a very, very fast growth. And what we see is that all the industries are in the process of digital transformation. And cloud is a very important -- I mean, moving to the cloud is a very important step for the industries.

And we still believe that sooner or later, all the business will move to cloud. So that's why we do see the fast-growing -- we do believe the fast-growing will continue in near and midterm. And even in the longer term, this will totally change how enterprises work and how business collaborated. And in terms of the industry development, even all the industries, they are embracing the cloud.

But I think that the people who take the first move part, first, is from the Internet company because all the Internet company, all the Internet operation actually could be powered by cloud. So Internet is a very, very important sector. But in recent months, we do see the fast growth from other sectors, including like financial

services, like consumer retail and even like public sectors, like power and utilities, so on, and so forth. But we do believe it is still in an early stage.

And as I said before, we don't want to just provide cloud in terms of infra services. If we just do it as an infra service, as SaaS services, then price competition is inevitable, and then all the cloud service is more like a commodity business. Today, Alibaba's cloud is cloud plus intelligence services. And it's about cloud plus the power of the data usage.

So that's why we work hard to develop industry-specific solutions with PaaS and PaaS services together with our SaaS partners, and we will continue to do that to enhance our market leadership. [Foreign language]

Maggie Wu -- *Chief Financial Officer*

Yeah. Mark, this is Maggie. To supplement what Daniel said regarding your question on the competition in cloud computing, our peer company who also has cost businesses, they report their results as well. And I think you can do the comparison, although none of these companies have disclosed the cloud computing revenue and profitability, the EBITDA like we do, but you still can figure out from -- derive the revenue from them.

Obviously, we're the largest in terms of the business size. So we recorded more than RMB 12 billion revenue in one quarter's time. This is more than double of our nearest competitor, and we're growing faster. Just give you a sense of the --

Joe Tsai -- *Executive Vice Chairman -- Analyst*

[Foreign language] I would also like to add that if you look at -- if you compare -- to give you a global comparison of the China cloud market and the U.S. cloud market, based on the third-party studies that we've seen, the China cloud market is going to be somewhere in the \$15 billion to \$20 billion total size range, and the U.S. market is about 8 times that. So the China market is still at a very early stage.

And we expect, based on what we've seen of our customers, as well as observing the whole market growth, the China market is going to be a much faster-growing market in cloud than the U.S. market. So we feel very good, very comfortable to be in the China market and just being an environment of faster digitization and faster growth of usage of cloud from enterprises because we're growing from such a smaller base, about one-eighth the base of that of the U.S. market.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language]

Robert Lin -- *Head of Investor Relations*

Operator, next question, please. Operator, next question. Thank you.

Operator

Thank you. Your next question comes from Youssef Squali from Truist. Please ask your question.

Youssef Squali -- *Truist Securities -- Analyst*

Great. Thank you and good morning. Two very quick ones. First, it seems like the recovery have been somewhat uneven between higher-income and lower-income consumers.

Daniel, I was just wondering if you believe that as a result of this pandemic, there has been a structural impact on lower-income consumers. And maybe how long it may take them to recover over time? And second, Maggie, any update to the guidance that you had given the last call about the total revenue in fiscal 2021 of more than RMB 650 billion? Thank you.

Unknown speaker

[Foreign language]

Maggie Wu -- *Chief Financial Officer*

Maybe I'll answer first quickly on this revenue guidance, Youssef. So we grow revenue during the quarter by 34%. We remain the guidance unchanged, although we're very confident about our business because this is just the first quarter of this fiscal year and there are still three more quarters to go. So we'll update you at due course if there is any update.

Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] For the consumer segment, I think generally speaking, the recovery of Chinese consumption, I think actually stays strong. As China is the first country who, I mean, moved out of the pandemic and all the situation is almost under control, except for a couple of cities, so that's why the recovery of the consumption, I think, is quite promising. And if you look at our number and our China retail market business reported a very strong growth in this quarter. Most important thing is that the ASP for the consumers in all city tiers actually grew, and they buy more frequently, and they consume more.

But if you look further, I agree that for the low-income people, I think if you look at their consumption behavior, actually, there are still some uncertainties because they are actually more cautious about the future of the economy. As you know that in China, a lot of low-income people from the service sectors. And today, I think as compared to the physical goods consumption, the consumption service sector still takes some time to fully recover, and the employment in this, I mean, service sector

also need more time to recover. So I think this will bring some sort of like uncertainties, I mean, for the low-income group.

[Foreign language]

Robert Lin -- *Head of Investor Relations*

Operator, next question, please.

Operator

Your next question comes from the line of Gregory Zhao of Barclays. Please ask your question.

Gregory Zhao -- *Barclays -- Analyst*

[Foreign language] Thank you very much. I'm delighted to have the opportunity to ask a question. Congratulations on a strong quarter. So we know that China has produced a number of globally leading Internet science with Alibaba as the most typical example.

And these companies, including Alibaba, are at the front of the entire world in terms of developing all kinds of applications for the Internet. But when it comes to things like operating systems or even semiconductors and chips, China lags behind the rest of the world. So my question is, does Alibaba have any longer-term plans to invest in that kind of key infrastructure? And as part of that, does Alibaba have plans to hire more talent from international markets?

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. Alibaba has always been committed to market-oriented and user-oriented development, and we continue to invest for the long term in technology with those objectives in mind. We believe that all technology must be tightly integrated with the market to meet needs in the market. We've done that with consumer-facing technology and now also with the cloud where we're not just providing infrastructure but are looking for ways to leverage on the cloud to help businesses enhance their operations and become more effective.

So certainly, this is our commitment. We're committed to long-term investment and to doing research through our DAMO Academy, among others. But we do believe very strongly that research and development should be highly integrated in order to create value for society.

Gregory Zhao -- *Barclays -- Analyst*

Thank you very much.

Robert Lin -- *Head of Investor Relations*

Operator, next question.

Operator

Your next question comes from the line of Jin Yoon from New Street Research. Please ask your question.

Jin Yoon -- *New Street Research -- Analyst*

Hi. Good evening. Hey, thanks for taking my question. Maggie, I think on your prepared remarks, you talked about reinvestments back into the business, the profits reinvestment back into the business.

Can you just kind of talk about the scale and scope of kind of what that investments look like in the duration? And how we should be thinking about the rest of the fiscal year in terms of when some of these investments will hit? Thanks again. [Foreign language]

Maggie Wu -- *Chief Financial Officer*

Sure. Jin, let me answer your question. So, first of all, as you can tell that we have very strong profit-generation power, right? So if you look at the adjusted EBITDA for this one quarter, we have generated over RMB 50 billion of profit. So we use that part of that profit to reinvest back to development business.

While other people use investors' money to invest that. So that's number one. Number two, in terms of to what extent, I think we got a lot of questions on you're talking about cost control, efficiency, does that mean that you are very cautious in terms of the investing in marketing, in user acquisition, etc.? The answer is not necessarily. We are very committed to further extend not only the user base but also enhance the user engagement.

But also, they're on increase the business of these users and provide with broader products and services. So when you look at the sales and marketing costs, we're investing over like CNY 13 billion sales and marketing at one point of time. It's not a small number. However, as [Technical difficulty] [Foreign language]

Robert Lin -- *Head of Investor Relations*

Operator, could you please take the next question? Operator, can you hear us?

Maggie Wu -- *Chief Financial Officer*

This is Maggie. Maybe let me summarize what I just answered on the same question. So with the strong revenue and profit growth, we're going to continue to reinvest back to these strategically important businesses. So I think our investment aims for a longer-term, healthy, and sustainable growth.

[Foreign language]

Robert Lin -- *Head of Investor Relations*

Operator, could we have the next question, please?

Operator

Thank you. Your next question comes from Colin Sebastian from Baird. Please ask your question.

Colin Sebastian -- *Managing Director, Senior Research Analyst, Internet and Digital Media*

Great. Thanks and congratulations on the quarter. Two quick ones from me as well. First off, Daniel, I think you mentioned the change in strategy in India.

If maybe you could talk in a little more detail about the platform's opportunities in that market. And then, secondly, looking at the gap between the mobile MAUs and the total active commerce user base, the gap has increased a bit. And I'm wondering if that's an opportunity over time to engage those mobile monthly users that are not yet active customers. Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] First of all, understand, we decided to stop operations of UCWeb and other innovation initiatives in India after our business review. And we believe that globalization is our long-term strategy. But in near term, I think we are closely monitoring the change of the geopolitical environment and also the national policy of other countries, and we will adjust our strategies, I mean, according to this change. For the second question, I would say, today, our MAU and AAC still have a very strong growth given we have such a huge size of consumer base in China.

But I think most important thing is that we have people engaged with us. That's the starting point. And if you look at our historical number, you will see that the longer people stay with us, the more spending they will do and the more consumption they will do and the more categories they will consume. So we will continue to engage with customers and to convert the visitors, the new customers into our royalty buyers in the long run.

Colin Sebastian -- *Managing Director, Senior Research Analyst, Internet and Digital Media*

Thank you.

Unknown speaker

[Foreign language]

Robert Lin -- *Head of Investor Relations*

Next question, please.

Operator

We are now going to take the last question. Your last question comes from Piyush Mubayi from Goldman Sachs. Please ask your question.

Piyush Mubayi -- *Goldman Sachs -- Analyst*

Thank you for taking my question and congratulations on a good set of numbers. May I just take a step back and look at COVID and the aftermath of COVID? I wanted to understand from you if there were specific areas that you saw an increased opportunity emerge. And would that lead to a change in tactic? We did notice that your 6.18 period, you were much more aggressive, and it bore fruit very, very quickly for you. And we wanted to understand if those two can be read together and we can see an emergence of potentially a much more aggressive stance from you that would bear fruit over time.

That's my question.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Well, I think this pandemic changed fundamentally people's lifestyle and changed how enterprises work. And if you look at the consumption sector, I would say, after the pandemic, people care more about the health, and that's why we see the healthcare categories grow very fast. But I think that's not all, and we do see a lot of increasing opportunities in FMCGs, in new brands, and also in many sectors. And also, from the retail perspective, I think all the retail operations moving to the digital sector -- I mean, move to digital operation.

So how to leverage the power of our new retail infrastructure to help this merchant to serve their customers on a local basis. I think this is a growing opportunity. And the cloud, we said many times, and cloud is a big wave, and we are still in the early stage in terms of the fast growing. And I think 6.18 as a midyear campaign is part of our annual -- I mean, annual operation.

And we think that we take the right approach and to meet the growing -- meet the demand and emerging demand of the consumers, I think, post pandemic and also meet the demand of the suppliers who want to sell more products and deliver more services to their customers. So we are happy to see the good results, and we will continue to create value for both our customers and the merchants.

Unknown speaker

[Foreign language]

Maggie Wu -- *Chief Financial Officer*

Yes. As you observed that during this June 18 Shopping Festival, we, together with the local government and together with our partners, has invested billions of R&D in consumer coupon subsidies to stimulate domestic consumption. And you asked us whether we're going to continue the aggressive investment. I would say, I think I would put it in this way, we'll be aggressively invest into the business to expand our market leadership.

At the same time, we also want to invest aggressive and smartly. Smartly means that we're aiming in long-term sustainable growth rather than just temporarily acquire customers and GMVs. So the investment is going to be focused on user-based growth, also engagement, also retention. Also, by saying smart, it also means that we're going to leverage the resources from the whole Alibaba economy, which includes us and together to grow our business.