

eBay to take controlling stake in SKorea site for 1.2 bln dlrs

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eBay executive Jae Lee (centre), shakes hands with executives Park Joo-man (left) from Interet Auction Co and Ku Young-Bae from Gmarket in Seoul on April 16. US online auction giant eBay will take a controlling stake in South Korea's biggest online marketplace Gmarket in a deal worth up to US\$1.2 billion, the two companies have announced.

US online auction giant eBay will take a controlling stake in South Korea's biggest online marketplace Gmarket in a deal worth up to 1.2 billion dollars, the two companies announced on Thursday.

Gmarket's directors voted unanimously to approve the transaction expected to be completed by the end of June, with [eBay](#) offering 24 dollars a share.

The total purchase price would be about 1.2 billion dollars if all

outstanding shares are tendered.

Under an agreement with Gmarket's management and investors, eBay will hold at least 67 percent of the South Korean firm, a statement said.

Shareholders that have signed agreements to tender include Interpark Corporation and its chairman Lee Ki-Hyung, current holders of about 34 percent of Gmarket.

eBay will combine Gmarket's operations with its own Korean subsidiary, Internet Auction Company, while maintaining separate sites.

By acquiring Gmarket the California-based company will become the largest player in South Korea's online auction market with a 37 percent share.

"The combination of Gmarket and Internet Auction Company establishes an exceptionally strong leadership position for eBay in one of the world's largest, most dynamic and innovative e-commerce markets," John Donahoe, eBay's president and chief executive officer, said in a statement.

"This deal creates strong operational synergies between the two market leaders, offers more opportunities for sellers and enhances our ability to serve complementary consumer segments."

Ku Young-Bae, Gmarket's president and [chief executive officer](#), said the transaction will help his firm expand beyond [South Korea](#).

"eBay also expects the combination with Gmarket to provide a potential platform for further expansion within Asia," the companies said in their statement.

South Korea's Fair Trade Commission last September gave conditional approval for the deal when it authorised eBay's purchase of the 34 percent stake from Interpark and its chairman Lee.

"Despite concerns over the impact on the country's open market, the FTC approved the deal as most Internet-based markets are easily accessible and new competitors may emerge at any time in online markets," a spokesman for the commission said at the time.

eBay Tuesday announced plans to spin off Web communications service Skype, saying it wants to focus entirely on its two core growth engines -- e-commerce and online payments.

South Korea is the world's sixth-largest e-commerce market behind the United States, Germany, the United Kingdom, China and Japan. Nearly all households are connected to the Internet.

In February the Korea Communications Commission announced plans to install a nationwide super-broadband infrastructure by 2013, which would enable the downloading of a feature film in one or two seconds.

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