

Alibaba.com shares surge on privatization bid

February 22 2012, By KELVIN CHAN , AP Business Writer

(AP) -- Shares of Alibaba.com rocketed on Wednesday after the Chinese e-commerce site said its parent company made a \$2.5 billion privatization bid as part of a shift in business strategy that also includes plans to buy back a stake from Yahoo Inc.

Alibaba.com shares soared 42 percent to 13.18 Hong Kong dollars in morning trading after [Alibaba](#) Group Holding Ltd. offered Tuesday to buy all the shares of the popular business-to-business website it doesn't already own for HK\$13.50 each. The offer could cost up to HK\$19.6 billion (\$2.5 billion).

After years of rapid growth, Alibaba.com expects to add paying customers at a slower rate so it is now focusing more on improving the experience of existing manufacturers, wholesalers and trading companies that use the site. That could hurt financial results, the companies said.

"Taking Alibaba.com private will allow our company to make long-term decisions that are in the best interest of our customers and that are also free from the pressures that come from having a publicly listed company," founder and Chairman Jack Ma said.

Alibaba said the "depressed" [share price](#) is also having an "adverse impact" on business, its reputation with customers and employee morale. Taking the company private would eliminate that problem.

Yahoo owns about 40 percent of Alibaba Group, which in turn owns

about 73 percent of Alibaba.com.

Alibaba Group has been negotiating with Yahoo to buy back its stake but those talks have stalled over the terms. The company noted that it is in talks with Yahoo to "restructure" its holdings in Alibaba Group but said the [privatization](#) offer isn't conditional on that deal's completion.

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