

# China e-commerce firm Alibaba in privatization bid

February 21 2012, By KELVIN CHAN , AP Business Writer

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(AP) -- Alibaba.com's parent company wants to take the Chinese e-commerce company private for \$2.5 billion, the firms said Tuesday, part of a shift in business strategy that also includes plans to buy back a stake from Yahoo Inc.

Alibaba Group Holding Ltd. said it is offering to buy the Hong Kong-listed shares of [Alibaba.com](#) that it doesn't already own for 13.50 Hong Kong dollars a share, at a cost of up to HK\$19.6 billion (\$2.5 billion). The offer is 46 percent higher than the stock's last price of HK\$9.25 before it was suspended from trading on Feb. 8. The shares are to resume trading on Wednesday.

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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