

# Alibaba buys \$586 mn stake in China's Sina Weibo

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The Alibaba headquarters is pictured in Hangzhou, in eastern China's Zhejiang province on May 21, 2012. Alibaba has struck a deal to buy a \$586 million stake in popular Chinese social network site Sina Weibo amid rumours that it is preparing for a stock market listing.

Chinese online retail giant Alibaba has struck a deal to buy a \$586 million stake in popular Chinese social network site Sina Weibo amid rumours that it is preparing for a stock market listing.

It also comes as Alibaba, China's biggest online retail company, gets set for a handover of power from founder Jack Ma to executive vice president Lu Zhaoxi.

Alibaba will pay Sina Corp. for an 18 percent stake in Weibo, a Twitter-like site that claims to have more than 500 million members in China, valuing it at about \$3.0 billion.

The deal also enables Alibaba to "increase its ownership in Weibo to 30 percent... within a certain period of time in the future", Sina Corp. said on its website, adding that the two sides would cooperate on e-commerce projects.

The deal comes as analysts expect Alibaba to announce an initial public offering this year, with some suggesting the company could be valued at more than \$100 billion.

Monday's deal would strengthen Alibaba relative to Chinese rival Tencent Holdings, which in the past year has unveiled ambitious plans in the Alibaba-dominated e-commerce business, Dow Jones Newswires said.

Alibaba's businesses include Taobao, China's most popular online shopping destination, which had more than 800 million product listings and more than 500 million registered users as of 2012.

Ma announced in March that he would step down as chief executive on May 10 in favour of Lu, a 13-year veteran of the firm, but retain his post as chairman to provide strategic direction.

Stocks in US-traded Sina jumped 10 percent after the deal was announced on Monday.

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