

# Alibaba offers to buy rest of China's Youku in \$3.6B deal

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Alibaba said Friday it's offering to buy up the rest of Chinese video streaming site Youku Tudou in a \$3.6 billion deal signaling the e-commerce giant's intent to expand beyond its core business of online shopping.

The deal would give the company, which has been expanding into films, a bigger platform to broadcast content including Hollywood blockbusters directly to China's growing ranks of middle-class consumers.

"Digital products, especially video, are just as important as physical goods in e-commerce, and Youku's high-quality video content will be a core component of Alibaba's digital product offering in the future," Alibaba Group Holdings Ltd. CEO Daniel Zhang said.

The company, which already owns 18.3 percent of Youku Tudou's U.S.-listed shares, said it's proposing to buy the remaining stock for \$26.60 in cash per share, or 30.2 percent more than the last closing price on the New York Stock Exchange.

After subtracting Youku's approximately \$1 billion in cash on hand, Alibaba is paying about \$3.6 billion to buy the stake.

The offer follows a series of moves by Alibaba Group Holdings Ltd. to expand into the film industry through its film arm, Alibaba Pictures Group. Recent investments include a deal to collaborate with Paramount Pictures to promote "Mission: Impossible—Rogue Nation," the latest in

the spy thriller series starring Tom Cruise, and an investment in a movie starring South Korean star Kim Soo-hyun.

Alibaba made its initial investment in Youku Tudou, which is seen as China's version of Youtube, in 2014.

The [deal](#) gives Alibaba access to a sophisticated, user-friendly operation. Youku's two private streaming sites, which attract a young audience, have operated with fewer of the restrictions dogging state-run TV broadcasters, allowing it to introduce more varied and foreign content.

Youku has never turned a profit by standard accounting measures. Its loss for the most recent quarter widened to 342 million yuan (\$55.2 million) from 142.3 million yuan in the same period in 2014, according to its latest earnings report.

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