

Alibaba to reap Yahoo \$1b

Mandy Lo

Yahoo seeks to raise as much as HK\$1.17 billion by selling its shares in Alibaba.com (1688), after the stock price of the mainland e-commerce firm soared almost threefold this year.

According to a term sheet obtained by *The Standard*, Yahoo plans to sell 57.481 million Alibaba shares at HK\$19.80 to HK\$20.30 each — a 4 to 6.4 percent discount to yesterday's closing price of HK\$21.15.

Yahoo could make a paper gain of HK\$390.87 million from the shares, based on the offer price of HK\$13.50 when Alibaba made its trading debut in November 2007.

Yahoo subscribed for about HK\$776 million worth of Alibaba's IPO shares as one of the strategic investors.

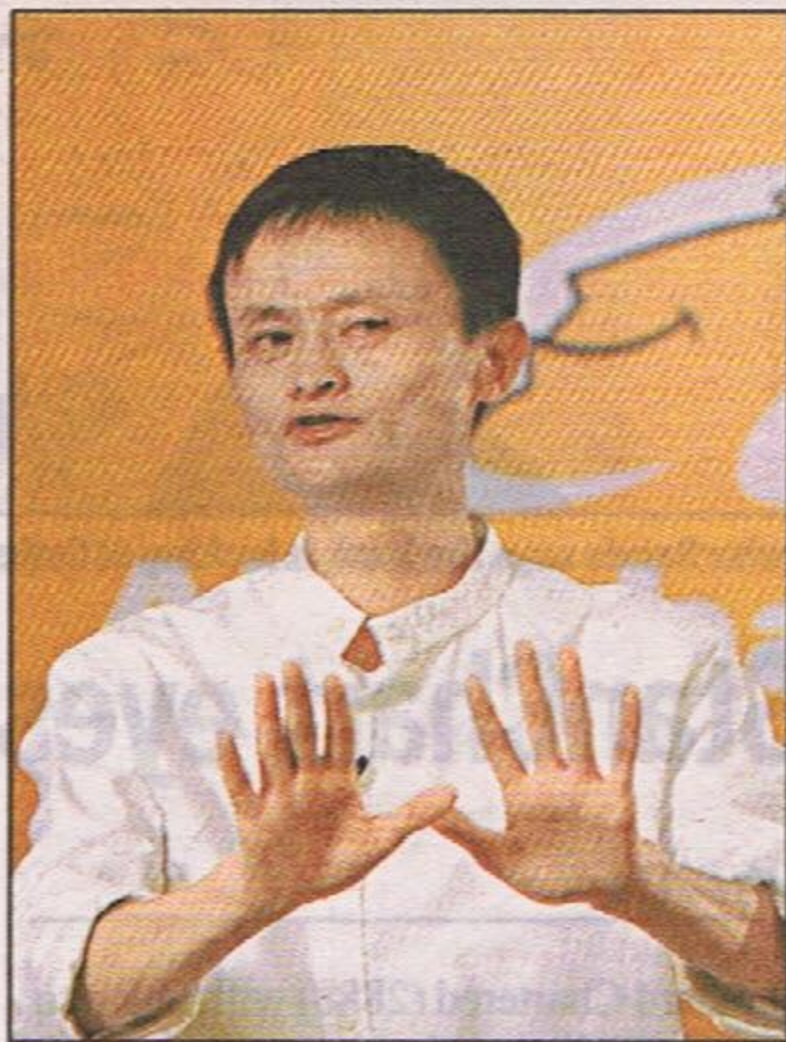
UBS is the sole bookrunner of the deal. The shares account for 1.14 percent of Alibaba's issued shares.

"We are pleased to learn of the Yahoo decision," Alibaba spokesman John Spelich was quoted by Bloomberg as saying. He said the transaction will help the firm achieve broader ownership of its stock.

The news followed Alibaba chairman Jack Ma Yun's share placement a week ago.

Ma sold 13 million shares at HK\$21 each and made HK\$273 million from his first stake reduction since the firm listed.

Ma said on Friday he hoped not to reduce his Alibaba stake further, but could not be fully sure.



Jack Ma sold 13 million Alibaba shares at HK\$21 each for HK\$273 million. REUTERS

Alibaba rose 3.7 percent yesterday to HK\$21.25, a sharp rise of 279 percent from the beginning of the year when it stood at HK\$5.58, and dwarfing the 45.5 percent rise in the Hang Seng Index for the same period.

Yahoo paid US\$1 billion (HK\$7.8 billion) for nearly a 40 percent stake in Alibaba's parent Alibaba Group in October 2005.

At the same time, Alibaba's parent had acquired Yahoo China and assumed management control of the Chinese website's operations.

Yahoo has been Alibaba's largest strategic partner since then.

mandy.lo@singtaonewscorp.com