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**ALIBABA.COM LIMITED**

**阿里巴巴網絡有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1688)**

**ACQUISITION OF BUSINESS MANAGEMENT SOFTWARE DIVISION  
AND RELATED ASSETS  
FROM ALIBABA GROUP HOLDING LIMITED  
CONNECTED TRANSACTION**

On August 14, 2009, Alibaba.com entered into an acquisition agreement with Alibaba Group to acquire the business management software division of Alisoft, comprising application software product lines for small businesses and related assets, together with all customer contracts and employees, for a total consideration of RMB208.0 million. In addition, Alibaba.com will assume certain business liabilities of about RMB19.62 million, which represent deferred revenue and customer advances associated with unexpired customer contracts carried over from Alisoft, net of the corresponding direct selling costs deferred.

Alisoft is wholly owned by Alibaba Group, the holding company and a connected person of Alibaba.com.

The Acquisition Agreement contains customary commercial terms. The terms, including the consideration, were negotiated by the parties on an arm's length basis. Our Board, comprising all the Directors who are not interested in the transaction including all the independent non-executive Directors, has reviewed the Acquisition and has come to the view that the terms of the Acquisition are fair and reasonable, and that the Acquisition is in the interests of the Company and its shareholders as a whole.

The Acquisition constitutes a connected transaction for the Company under the Listing Rules. It is exempt from the independent shareholders' approval requirements pursuant to rule 14A.32 of the Listing Rules but is subject to compliance by the Company of the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules.

## ACQUISITION AGREEMENT

The board of directors of Alibaba.com Limited announces that it has entered into the Acquisition Agreement as follows:-

<b>Date:</b>	August 14, 2009
<b>Parties:</b>	
<b>Seller</b>	Alibaba Group Holding Limited
<b>Purchaser</b>	Alibaba.com Limited
<b>Subject of acquisition:</b>	<p>The business management software division, currently owned by Alisoft, including major application software product lines as follows and other related assets, including equipment (comprising mainly servers and computers) and certain intangibles including trademarks, together with all customer contracts and over 250 employees:</p> <ol style="list-style-type: none"><li>1. Alisoft Export Edition (阿里軟件外貿版), an e-commerce management software for export companies;</li><li>2. e-Net (e 網打進), a sales, marketing and customer management software for small businesses;</li><li>3. Shopkeeper (錢掌櫃), an accounting, financial and inventory management software for small businesses; and</li><li>4. NetBuild Xplatform (極限業務構建平台系統), a software development tool for creating business-management-related software solutions.</li></ol>
<b>Consideration:</b>	<p>RMB208.0 million in total, which represents the following:</p> <ol style="list-style-type: none"><li>1. RMB193.44 million of cash which will be payable to Alisoft at the closing of the Acquisition; and</li><li>2. An incentive and retention grant of restricted share units, with respect to the ordinary shares of our Company, of a total approximate value of RMB14.56 million, which will be issued under our Restricted Share Unit Scheme to Alisoft employees being transferred to our Company.</li></ol> <p>The grant of restricted share units has been agreed between Alibaba Group and the Company as part of the Acquisition Agreement. As such, it will form part of the cost to our Company of the Acquisition. Our Company</p>

	<p>considers the grant as a necessary incentive to attract and retain the Alisoft employees to be transferred to our Company. The value of the proposed grant was determined by reference to the estimated size of the incentive and retention award that we believe is required, taking into account the current market price of our Company's shares. We expect that the terms of the restricted share units will be consistent with our existing policy and practice for such grant. There will not be any restrictions on the subsequent sale of the shares issued upon vesting of the restricted share units.</p> <p>In addition, our Company will assume business liabilities of about RMB19.62 million which mainly represent deferred revenue and customer advances associated with unexpired customer contracts, net of the corresponding direct selling costs deferred, recognized by Alisoft on its unaudited balance sheet as of July 30, 2009 in relation to services to be provided under the unexpired customer contracts that our Company will assume under the Acquisition. Customer advances represent service fees paid by customers for whom services have not yet been commenced. Customer advances are transferred to deferred revenue once services commence and then are recognized in the income statement as the services are delivered over the service period.</p>
<b>Closing:</b>	Subject to the fulfillment of customary conditions, it is expected to take place on or before September 1, 2009.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Alisoft's internet-based "Software as a Service" (SaaS) model provides small businesses with low-cost, user-friendly enterprise and financial management tools and drives usage of technology to manage their operations. This model is consistent with our Company's mission "To Make it Easy to do Business Anywhere" by solving the challenges faced by small businesses in procurement, sales and marketing, management and financing through technology. We believe the business and assets acquired from Alisoft will be a key building block in our plan to evolve the business model of our Company from an online meeting place into an e-commerce marketplace and service platform that supports key aspects of our customers' business operations. In other words, the Acquisition brings our Company one step closer to the vision of our evolution from "Meet at Alibaba" to "Work at Alibaba".

We believe the Acquisition can generate significant operating synergies for our Company as we tap into the customer base, sales team and customer services of Alisoft's application software product lines for small businesses. We also believe that

our Company is in an excellent position to leverage our resources to expand the aforesaid Alisoft business beyond what it can achieve on a stand-alone basis.

Based on our management's assessment of the strategic fit and operational synergies that can be achieved, we believe that our Company may realize significant potential upside over time as a result of the Acquisition. The consideration was negotiated between the parties on an arm's length basis, and was determined based on the strategic fit and potential operational synergies that may be generated for our Company and by reference to, among other relevant factors, comparable businesses and assets.

Alisoft has developed the subject business over the past through deployment of its own technology and human resources. The combined book value of the related assets of the business was about RMB43.79 million according to the unaudited balance sheet of Alisoft as of July 30, 2009 which was extracted from the unaudited consolidated balance sheet of Alibaba Group prepared in accordance with accounting principles generally accepted in the United States.

Our Board, comprising all the Directors who are not interested in the transaction including all the independent non-executive Directors, has reviewed the Acquisition and has come to the view that the terms of the Acquisition are fair and reasonable and that the Acquisition is in the interests of our Company and shareholders as a whole.

## **CONNECTED TRANSACTION AND DISCLOSURE REQUIREMENTS**

Alisoft is wholly owned by Alibaba Group which is the holding company and a connected person of our Company under the Listing Rules. The Acquisition therefore constitutes a connected transaction for the Company under the Listing Rules.

As all of the relevant percentage ratios applicable to the Acquisition under the Listing Rules are below 2.5%, the Acquisition is subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules but exempt from the independent shareholders' approval requirements. In other words, our Company is required to disclose details of the Acquisition by way of this announcement and to include information in relation to the Acquisition in our next published annual report and accounts.

Under rule 14.58(7) of the Listing Rules, disclosure shall be made, where applicable, of net profits (both before and after taxation and extraordinary items) attributable to the assets which are the subject of a transaction for the two financial years immediately preceding the transaction. The business and assets being acquired in the Acquisition form only part of the business of Alisoft and have not been accounted for as a separate segment, and separate financial statements for the business do not exist. As such, our Company believes that rule 14.58(7) is not applicable to this transaction.

## GENERAL INFORMATION

Alibaba.com is the global leader in business-to-business (B2B) e-commerce and the flagship company of Alibaba Group. Founded in 1999, Alibaba.com makes it easy for millions of buyers and suppliers around the world to do business online through three marketplaces: a global trade marketplace ([www.alibaba.com](http://www.alibaba.com)) for importers and exporters, a Chinese marketplace ([www.alibaba.com.cn](http://www.alibaba.com.cn)) for domestic trade in China, and, through an associated company, a Japanese marketplace ([www.alibaba.co.jp](http://www.alibaba.co.jp)) facilitating trade to and from Japan. Together, our marketplaces form a community of more than 42 million registered users from over 240 countries and regions. Alibaba.com has offices in more than 40 cities across mainland China as well as in Taiwan, Hong Kong, Europe and the United States.

Alibaba Group is a global e-commerce leader and the largest e-commerce company in China. Since it was founded in 1999, Alibaba Group has grown to include the following core businesses: Alibaba.com; Taobao.com, China's largest consumer e-commerce company; Alipay.com, China's leading online payment service; Yahoo! Koubei, a company providing online classified listings for local services and search; and Alisoft, which develops, markets, sells and delivers Internet-based business management solutions targeting small businesses across China. Through its "Software as a Service" (SaaS) model, Alisoft provides small businesses with low-cost, user-friendly enterprise and financial management tools.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Acquisition"	the acquisition of the business management software division from Alisoft, comprising application software product lines for small businesses and related assets together with all customer contracts and employees and assumption of related liabilities;
"Acquisition Agreement"	the framework agreement dated August 14, 2009 entered into between Alibaba.com and Alibaba Group in respect of the Acquisition;
"Alibaba Group"	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands with limited liability;
"Alibaba.com" or "Company"	Alibaba.com Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"Alisoft"	Alisoft Holding Limited, a company incorporated in the Cayman Islands with limited liability, together its subsidiaries;
"Board"	the board of Directors;

“Directors”	the directors of Alibaba.com;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China.

On behalf of the Board  
**WEI Zhe, David**  
*Chief Executive Officer &  
Executive Director*

Hong Kong, August 14, 2009

*As at the date of this announcement, the composition of our board is as follows:*

***Chairman and Non-executive Director***

MA Yun, Jack

***Executive Directors***

WEI Zhe, David

WU Wei, Maggie

LEE Shi-Huei, Elvis

DENG Kangming

PENG Yi Jie, Sabrina

***Non-executive Directors***

TSAI Chung, Joseph

TSOU Kai-Lien, Rose

OKADA, Satoshi

***Independent Non-executive Directors***

NIU Gen Sheng

KWAUK Teh Ming, Walter

TSUEI, Andrew Tien Yuan

KWAN Ming Sang, Savio