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ALIBABA GROUP HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)



ALIBABA.COM LIMITED

阿里巴巴網絡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1688)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATIZATION OF ALIBABA.COM LIMITED
BY ALIBABA GROUP HOLDING LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE CAYMAN ISLANDS COMPANIES LAW)**

(2) PROPOSED WITHDRAWAL OF LISTING

(3) RESUMPTION OF TRADING IN THE SHARES

AND

**(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISOR TO
THE INDEPENDENT BOARD COMMITTEE**

Joint Financial Advisors to the Offeror



Financial Advisor to the Company

**Independent Financial Advisor to the
Independent Board Committee**



INTRODUCTION

The respective directors of the Offeror and the Company jointly announce that on February 12, 2012, the Offeror requested the Board to put forward to the Scheme Shareholders the proposed privatization of the Company by way of a scheme of arrangement under Section 86 of the Cayman Islands Companies Law.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment to each Scheme Shareholder of the Cancellation Price of HK\$13.50 in cash for each Scheme Share by the Offeror. **The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price represents:

- a premium of approximately 45.9% over the closing price of HK\$9.25 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- a premium of approximately 55.3% over the average closing price of approximately HK\$8.70 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 58.8% over the average closing price of approximately HK\$8.50 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 60.4% over the average closing price of approximately HK\$8.42 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 61.3% over the average closing price of approximately HK\$8.37 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a price to earnings ratio of 33.2 times the diluted earnings per Share of the Company for the year ended December 31, 2011.

CONDITIONS OF THE PROPOSAL

The Proposal will be conditional upon the fulfillment or waiver, as applicable, of all the Conditions as described in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” below, on or before the Conditions Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Cayman Islands Grand Court may direct), failing which the Proposal will lapse.

As at the Latest Practicable Date, the relevant securities of the Company in issue comprised 5,002,039,375 ordinary shares of which the Scheme Shares (being 1,352,024,308 Shares) represent approximately 27.03%.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the Latest Practicable Date, the Offeror held 2,611,760,638 Shares representing approximately 52.21% of the issued share capital of the Company. Such Shares will not form part of the Scheme Shares and the Offeror will not vote on the Scheme at the Cayman Islands Court Meeting. As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 1,062,224,676 Shares, representing approximately 21.24% of the issued share capital of the Company. Of these Offeror Concert Parties, the Shares held by Alibaba Group Treasury Limited and Direct Solutions Management Limited, which are wholly owned subsidiaries of the Offeror, will not form part of the Scheme Shares and will not be voted on the Scheme at the Cayman Islands Court Meeting. The Shares held by the remaining Offeror Concert Parties will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Offeror Concert Parties will abstain from voting on the Scheme at the Cayman Islands Court Meeting.

OTHER SECURITIES

As at the Latest Practicable Date, there were 28,722,683 Outstanding Share Options, 44,225,510 RSUs (including 1,708,556 RSUs which had vested but in respect of which Shares had not been issued on or before the Latest Practicable Date) and 1,639,959 Share Awards granted under the Share Option Scheme, RSU Scheme and Share Award Scheme respectively. The Offeror will make (or procure to be made on its behalf) an appropriate offer to the holders of the Outstanding Share Options, RSUs and Share Awards in accordance with Rule 13 of the Hong Kong Takeovers Code. These Rule 13 Offers are conditional upon the Scheme becoming effective.

As at the Latest Practicable Date, there were 12,468,138 Offeror Share Options and 16,474,161 Offeror RSUs granted by the Offeror, each relating to one Share. Although the Offeror is not required to do so under Rule 13 of the Hong Kong Takeovers Code, the Offeror intends to make (or procure to be made on its behalf) an offer on the same terms as the Rule 13 Offers to holders of the Offeror Incentives (comprising Offeror Share Options and Offeror RSUs).

On the assumption that no Outstanding Share Options and Offeror Share Options are exercised and no RSUs, Offeror RSUs and Share Awards have vested before the Record Date, the amount of cash required to implement the Proposal (before taking into account the Rule 13 Offers and the Offeror Incentives Proposals) would be approximately HK\$18,252 million. On the assumption that all Outstanding Share Options and Offeror Share Options are exercised and all RSUs, Offeror RSUs and Share Awards have vested before the Record Date, the amount of cash required for the Proposal (before taking into account the Rule 13 Offers and the Offeror Incentives Proposals) would be approximately HK\$19,628 million.

On the assumption that no Outstanding Share Options and Offeror Share Options are exercised and no RSUs, Offeror RSUs and Share Awards are vested before the Record Date, the amount of cash required to implement the Rule 13 Offers and the Offeror Incentives Proposals to be made, would be approximately HK\$1,017 million.

FINANCIAL RESOURCES

The Offeror intends to finance the cash required for the Proposal, the Rule 13 Offers and the Offeror Incentives Proposals from a combination of external debt financing provided by a consortium of banks (being Australia and New Zealand Banking Group Limited, Credit Suisse AG, Singapore Branch, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and Mizuho Corporate Bank, Ltd., Hong Kong Branch) and the internal cash resources of the Offeror.

Rothschild, Credit Suisse and Deutsche Bank, being the joint financial advisors to the Offeror, are satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal, the Rule 13 Offers and the Offeror Incentives Proposals in accordance with their terms.

DISPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Cayman Islands Companies Law and the Rules of the Cayman Islands Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal and the Rule 13 Offers, and the advice of the Independent Financial Advisor to the Independent Board Committee, a notice of the Cayman Islands Court Meeting and a notice of an extraordinary general meeting of the Company, together with related proxies, will be dispatched to the Shareholders as soon as practicable and in compliance with the requirements of the Hong Kong Takeovers Code and the Cayman Islands Grand Court, and other applicable regulations.

THE INDEPENDENT BOARD COMMITTEE, THE INDEPENDENT FINANCIAL ADVISOR AND THE VIEWS OF THE DIRECTORS OF THE COMPANY

An Independent Board Committee, which comprises Mr. Niu Gen Sheng and Mr. Walter Kwauk, both of whom are independent non-executive directors of the Company, has been established by the Board to make a recommendation to the Independent Shareholders and the holders of Outstanding Share Options, RSUs and Share Awards in connection with the Proposal and the Rule 13 Offers. In addition, an independent financial advisor, Somerley, approved by the Independent Board Committee, has been appointed to advise the Independent Board Committee in connection with the Proposal and the Rule 13 Offers.

As Mr. Jack Ma and Mr. Joseph Tsai are non-executive directors of the Company and also directors of the Offeror, and Ms. Rose Tsou and Mr. Satoshi Okada are non-executive directors of the Company nominated by Offeror Concert Parties (respectively, Yahoo! and Softbank) for appointment to the Board, all of the non-executive directors of the Company (other than the independent non-executive directors of the Company) are regarded as being interested in the Proposal and therefore have not participated in any vote of the Board in relation to the Proposal and will not form part of the Independent Board Committee. In light of Mr. Andrew Tsuei and Mr. Savio Kwan's significant interests in the Offeror, they will not form part of the Independent Board Committee.

The Executive Directors believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole. Mr. Jack Ma and Mr. Joseph Tsai, who may have a material interest in the Proposal and have not participated in any vote of the Board in relation to the Proposal, believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, listing of the Shares on the Hong Kong Stock Exchange will be withdrawn and terminated.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn and terminated if the Scheme is not approved or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Hong Kong Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

POSSIBLE TRANSACTION INVOLVING THE OFFEROR

The Offeror has been engaged in discussions with Yahoo! regarding the possibility of restructuring Yahoo!'s holdings in the Offeror. These discussions may or may not result in an agreement and, accordingly, the Possible Yahoo! Transaction may or may not proceed. The Scheme will not be conditional on completion of the Possible Yahoo! Transaction, nor will the Offeror enter into any agreement relating to the Possible Yahoo! Transaction that is conditional on the Scheme becoming effective.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:00 a.m. on February 9, 2012 (Hong Kong time), pending the issuance of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on February 22, 2012 (Hong Kong time).

WARNINGS

Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

Notice to US investors

The Proposal is being made to acquire the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Cayman Islands Companies Law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Exchange Act. Accordingly, the Proposal is subject to disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Shares as consideration for the cancellation of its Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

1. INTRODUCTION

On February 12, 2012, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatization of the Company by way of a scheme of arrangement under Section 86 of the Cayman Islands Companies Law, involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share and the withdrawal and termination of the listing of the Shares on the Hong Kong Stock Exchange.

Under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror, credited as fully paid, of the same number of Shares as the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

2. TERMS OF THE PROPOSAL

Cancellation Price

The Scheme will provide that the Scheme Shares be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$13.50 in cash for each Scheme Share from the Offeror. **The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price of HK\$13.50 per Scheme Share represents:

- a premium of approximately 45.9% over the closing price of HK\$9.25 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- a premium of approximately 55.3% over the average closing price of approximately HK\$8.70 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- a premium of approximately 58.8% over the average closing price of approximately HK\$8.50 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 60.4% over the average closing price of approximately HK\$8.42 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 61.3% over the average closing price of approximately HK\$8.37 per Share based on the daily closing prices as quoted on the Hong Kong Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a price to earnings ratio of 33.2 times the diluted earnings per Share of the Company for the year ended December 31, 2011.

The Cancellation Price has been determined on a commercial basis after taking into account the prices of the Shares traded on the Hong Kong Stock Exchange, the trading multiples of comparable trading companies and with reference to other privatization transactions in Hong Kong in recent years.

Conditions of the Proposal and the Scheme

The Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfillment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Cayman Islands Court Meeting, provided that:
 - (i) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Cayman Islands Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Cayman Islands Court Meeting against the resolution to approve the Scheme at the Cayman Islands Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders;
- (b) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;

- (c) the Cayman Islands Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Cayman Islands Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Cayman Islands Companies Law in relation to the reduction of the issued share capital of the Company;
- (e) all Authorizations in connection with the Proposal having been obtained or made from, with or by (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (f) all Authorizations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any related matters, documents (including circulars) or things, in each case up to and at the time when the Scheme becomes effective;
- (g) all necessary consents which may be required under any existing contractual obligations of the Company being obtained;
- (h) if required, the obtaining by the Offeror of such other necessary consent, approval, authorization, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary or desirable for the performance of the Scheme under the applicable laws and regulations;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (j) since December 31, 2011, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal); and
- (k) since the Announcement Date, there not having been instituted or remaining outstanding any litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against

or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

The Offeror reserves the right to waive conditions (e), (f), (g), (h), (i), (j) and (k) either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c) and (d) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Conditions Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Cayman Islands Grand Court may direct), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

Warnings:

Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the satisfaction of the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisors.

3. RULE 13 OFFERS AND OFFEROR INCENTIVES PROPOSALS

Rule 13 Offers

As at the Latest Practicable Date, there were 28,722,683 Outstanding Share Options granted under the Share Option Scheme, 44,225,510 RSUs (including 1,708,556 RSUs which had vested but in respect of which Shares had not been issued on or before the Latest Practicable Date) granted under the RSU Scheme and 1,639,959 Share Awards granted under the Share Award Scheme, each relating to one Share.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to the holders of the Outstanding Share Options, RSUs and Share Awards in accordance with Rule 13 of the Hong Kong Takeovers Code. The Rule 13 Offers will be conditional upon the Scheme becoming effective. Under the Rule 13 Offers, the Offeror will offer holders of Outstanding Share Options, RSUs and Share Awards cash equal to the “see-through” price (being the Cancellation Price in the case of the RSUs and the Share Awards, and the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option, RSU and Share Award that they hold.

Under the Rule 13 Offers, the cash due to the holders of Outstanding Share Options, RSUs and Share Awards will be paid on a staggered basis, in accordance with the respective vesting schedules under, and subject to, the existing terms of each of the Outstanding Share Options, RSUs and Share Awards.

Further information on the Rule 13 Offers will be set out in a letter to the holders of the Outstanding Share Options, RSUs and Share Awards, which will be dispatched at or around the same time as the dispatch of the Scheme Document.

If any of the Outstanding Share Options, RSUs or Share Awards vests and is exercised in accordance with the terms of the Share Option Scheme, the RSU Scheme or the Share Award

Scheme, as applicable, prior to the date for determining entitlements under the Scheme, any Shares issued prior to the date for determining entitlements under the Scheme will be subject to and eligible to participate in the Scheme.

Offeror Incentives Proposals

In addition to the Outstanding Share Options, RSUs and Share Awards issued by the Company, the Offeror has granted the Offeror Incentives (comprising the Offeror Share Options and the Offeror RSUs, which entitle the holder to receive Shares held by the Offeror upon vesting and/or exercise) to employees of the Offeror Group and directors, employees, advisors and/or consultants of the Group.

As at the Latest Practicable Date, there were 12,468,138 Offeror Share Options and 16,474,161 Offeror RSUs granted by the Offeror, each relating to one Share.

As the Offeror Incentives are not granted by the Company and relate to Shares which are held by the Offeror, the Offeror is not required to make an offer in respect of such Offeror Incentives under Rule 13 of the Hong Kong Takeovers Code. However, subject to the terms of the Offeror Incentives, the Offeror intends to treat the holders of the Offeror Incentives in a manner which is consistent with the terms of the offer being made to the holders of the Outstanding Share Options, the RSUs and the Share Awards under the Rule 13 Offers.

Therefore, the Offeror intends to offer the holders of Offeror Incentives, or to procure that they receive, a “see-through” price for each Offeror Incentive (equal to the amount by which the Cancellation Price exceeds the exercise price (if any) of the relevant Offeror Incentive), conditional on the Scheme becoming effective.

The cash due to the holders of Offeror Incentives will be paid on a staggered basis, in accordance with the respective vesting schedules under, and subject to, the existing terms of each of the Offeror Incentives.

Further information will be set out in a letter to the holders of the Offeror Incentives, which will be dispatched at or around the same time as the dispatch of the Scheme Document.

In the event that any Offeror Incentive vests and is exercised in accordance with the terms of its grant prior to the date for determining entitlements under the Scheme, any Shares transferred from the Offeror to the holder of such Offeror Incentive prior to the record date for determining entitlements under the Scheme will be subject to and eligible to participate in the Scheme.

4. SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal assuming that no Outstanding Share Options and Offeror Share Options are exercised and no RSUs, Offeror RSUs and Share Awards have vested before the Record Date and that there is no other change in shareholding:

<i>Shareholders</i>	As at the Latest Practicable Date		Immediately after completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Offeror (Note 1)	2,611,760,638	52.21	3,963,784,946	79.24
Offeror Concert Parties				
<i>Shares held not subject to the Scheme:</i>				
-Alibaba Group Treasury Limited (Note 2)	1,000,000,000	19.99	1,000,000,000	19.99
-Direct Solutions Management Limited (Note 3)	38,254,429	0.76	38,254,429	0.76
<i>Sub-total</i>	<u>1,038,254,429</u>	<u>20.76</u>	<u>1,038,254,429</u>	<u>20.76</u>
<i>Shares held subject to the Scheme:</i>				
-Mr. Jack Ma	15,369,053	0.31	-	-
-Mr. Joseph Tsai	3,120,000	0.06	-	-
-Credit Suisse	2,254,500	0.05	-	-
-Deutsche Bank	514,015	0.01	-	-
-HSBC (Note 4)	318,220	0.01	-	-
-HSBC Trustee (Hong Kong) Limited (Note 5)	2,394,459	0.05	-	-
-Softbank	-	-	-	-
-Yahoo!	-	-	-	-
<i>Sub-total</i>	<u>23,970,247</u>	<u>0.48</u>	<u>-</u>	<u>-</u>
Aggregate number of Shares held by the Offeror Concert Parties	1,062,224,676	21.24	1,038,254,429	20.76
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	3,673,985,314	73.45	5,002,039,375	100.00
Independent Shareholders	1,328,054,061	26.55	-	-
Total	5,002,039,375	100.00	5,002,039,375	100.00
Total number of Scheme Shares	1,352,024,308	27.03	-	-

Notes:

1. The Offeror has granted Offeror Share Options that, upon full vesting and exercise, will entitle the holders to receive 12,468,138 Shares in aggregate from the Offeror. As such, the Offeror has a deemed short interest in the 12,468,138 Shares to which the Offeror Share Options relate. The Offeror has also granted Offeror RSUs that, upon full vesting, will entitle the holders to receive 16,474,161 Shares in aggregate from the Offeror. As such, the Offeror has a deemed short interest in the 16,474,161 Shares to which the Offeror RSUs relate.

2. Alibaba Group Treasury Limited, a wholly owned subsidiary of the Offeror, has lent 30,990,000 Shares in aggregate to various investment banks under a share lending program. Alibaba Group Treasury Limited intends to exercise its right, under the terms of the relevant share lending agreements, to require these Shares to be returned to Alibaba Group Treasury Limited on demand. If the relevant Shares are not returned, the delivery obligations of the investment bank(s) shall be set-off against the collateral which the investment bank(s) have provided to Alibaba Group Treasury Limited, in which case the unreturned Shares shall form part of the Scheme Shares held by Independent Shareholders. Any difference in value between the market or cash value of the collateral provided and the market value of the lent Shares shall be payable by the party having the claim valued at the lower amount. These figures in the table above assume that Shares called back will be returned to Alibaba Group Treasury Limited prior to the Record Date, and therefore the 30,990,000 lent Shares are not shown as part of the Scheme Shares. Taking such returned Shares into account, Alibaba Group Treasury Limited holds 1,000,000,000 Shares; Shares held by it shall not form part of the Scheme Shares.

3. Direct Solutions Management Limited, a wholly owned subsidiary of the Offeror, has issued redeemable preference shares to a small group of individuals that entitle the holders, on exercise of their redemption rights in full, to receive 5,085,151 Shares in aggregate from Direct Solutions Management Limited. On the basis of undertakings received by the Offeror and Direct Solutions Management Limited, none of the redemption rights under the preference shares can be exercised until after the Scheme has become effective or lapsed. Shares held by Direct Solutions Management Limited shall not form part of the Scheme Shares.

4. HSBC is treated as being in concert with the Offeror in accordance with class 5 of the definition of "Acting in concert" in the Hong Kong Takeovers Code. Details of holdings or borrowings or lendings of Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the HSBC group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Hong Kong Takeovers Code. The statements in this announcement as to holdings or borrowings or lendings of, or voting of Shares (or options, rights over Shares, warrants or derivatives in respect of them) by parties acting in concert with the Offeror are subject to the holdings, borrowings or lendings (if any) of the other parts of the HSBC group. As part of its proprietary warrant issuance business, in June 2011 HSBC issued a series of up to 120,000,000 European style cash settled call warrants expiring December 28, 2012 referencing underlying Shares pursuant to its program for the issuance of Hong Kong listed structured products. The exercise price of these warrants is HK\$13.28 per ten warrants. These warrants are listed on the Hong Kong Stock Exchange. Each ten warrants reference one underlying Share. As at the Announcement Date, 970,000 warrants are outstanding; referencing to a total of 97,000 underlying Shares. Furthermore as at the Latest Practicable Date, in relation to 318,220 Shares currently held by HSBC 198,350 Shares are held as collateral pursuant to a stock borrowing arrangement.

5. HSBC Trustee (Hong Kong) Limited is the trustee in relation to the Share Award Scheme and currently holds 2,394,459 Shares. The Company does not issue any Shares to satisfy the Share Awards but provides sufficient funds by way of loan or contribution to enable HSBC Trustee (Hong Kong) Limited to purchase sufficient Shares on the market to satisfy Share Awards that vest. Under the terms of the trust deed, HSBC Trustee (Hong Kong) Limited is prohibited from exercising any voting rights in respect of any Shares held under the trust.

The table below sets out the shareholding structure of the Company before completion of the Proposal (assuming that all Outstanding Share Options and Offeror Share Options are exercised in full and all RSUs, Offeror RSUs and Share Awards have vested before the Record Date and that there is no other change in shareholding) and immediately after completion of the Proposal:

<i>Shareholders</i>	Assuming that all Outstanding Share Options, Offeror Share Options, RSUs, Offeror RSUs and Share Awards are fully exercised/vested before the Record Date and no other change in shareholding before completion of the Proposal		Upon completion of the Proposal	
	Number of Shares	%	Number of Shares	%
Offeror (Note 1)	2,582,818,339	50.89	4,036,733,139	79.54
Offeror Concert Parties				
<i>Shares held not subject to the Scheme:</i>				
<i>-Alibaba Group Treasury Limited (Note2)</i>	<i>1,000,000,000</i>	<i>19.70</i>	<i>1,000,000,000</i>	<i>19.70</i>
<i>-Direct Solutions Management Limited (Note 3)</i>	<i>38,254,429</i>	<i>0.75</i>	<i>38,254,429</i>	<i>0.75</i>
<i>Sub-total</i>	<i>1,038,254,429</i>	<i>20.46</i>	<i>1,038,254,429</i>	<i>20.46</i>
<i>Shares held subject to the Scheme:</i>				
<i>-Mr. Jack Ma</i>	<i>15,369,053</i>	<i>0.30</i>	<i>-</i>	<i>-</i>
<i>-Mr. Joseph Tsai</i>	<i>3,120,000</i>	<i>0.06</i>	<i>-</i>	<i>-</i>
<i>-Credit Suisse</i>	<i>2,254,500</i>	<i>0.04</i>	<i>-</i>	<i>-</i>
<i>-Deutsche Bank</i>	<i>514,015</i>	<i>0.01</i>	<i>-</i>	<i>-</i>
<i>-HSBC (Note 4)</i>	<i>318,220</i>	<i>0.01</i>	<i>-</i>	<i>-</i>
<i>-HSBC Trustee (Hong Kong) Limited (Note 5)</i>	<i>2,394,459</i>	<i>0.05</i>	<i>-</i>	<i>-</i>
<i>-Softbank</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>-Yahoo!</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Sub-total</i>	<i>23,970,247</i>	<i>0.47</i>	<i>-</i>	<i>-</i>
Aggregate number of Shares held by the Offeror Concert Parties	1,062,224,676	20.93	1,038,254,429	20.46
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	3,645,043,015	71.82	5,074,987,568	100.00

Independent Shareholders	1,429,944,553	28.18	-	-
Total	5,074,987,568	100.00	5,074,987,568	100.00
Total number of Scheme Shares	1,453,914,800	28.65		

Notes:

1. The Offeror has granted Offeror Share Options that, upon full vesting and exercise, will entitle the holders to receive 12,468,138 Shares in aggregate from the Offeror. As such, the Offeror has a deemed short interest in the 12,468,138 Shares to which the Offeror Share Options relate. The Offeror has also granted Offeror RSUs that, upon full vesting, will entitle the holders to receive 16,474,161 Shares in aggregate from the Offeror. As such, the Offeror has a deemed short interest in the 16,474,161 Shares to which the Offeror RSUs relate.

2. Alibaba Group Treasury Limited, a wholly owned subsidiary of the Offeror, has lent 30,990,000 Shares in aggregate to various investment banks under a share lending program. Alibaba Group Treasury Limited intends to exercise its right, under the terms of the relevant share lending agreements, to require these Shares to be returned to Alibaba Group Treasury Limited on demand. If the relevant Shares are not returned, the delivery obligations of the investment bank(s) shall be set-off against the collateral which the investment bank(s) have provided to Alibaba Group Treasury Limited, in which case the unreturned Shares shall form part of the Scheme Shares held by Independent Shareholders. Any difference in value between the market or cash value of the collateral provided and the market value of the lent Shares shall be payable by the party having the claim valued at the lower amount. These figures in the table above assume that Shares called back will be returned to Alibaba Group Treasury Limited prior to the Record Date, and therefore the 30,990,000 lent Shares are not shown as part of the Scheme Shares. Taking such returned Shares into account, Alibaba Group Treasury Limited holds 1,000,000,000 Shares; Shares held by it shall not form part of the Scheme Shares.

3. Direct Solutions Management Limited, a wholly owned subsidiary of the Offeror, has issued redeemable preference shares to a small group of individuals that entitle the holders, on exercise of their redemption rights in full, to receive 5,085,151 Shares in aggregate from Direct Solutions Management Limited. On the basis of undertakings received by the Offeror and Direct Solutions Management Limited, none of the redemption rights under the preference shares can be exercised until after the Scheme has become effective or lapsed. Shares held by Direct Solutions Management Limited shall not form part of the Scheme Shares.

4. HSBC is treated as being in concert with the Offeror in accordance with class 5 of the definition of "Acting in concert" in the Hong Kong Takeovers Code. Details of holdings or borrowings or lendings of Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the HSBC group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Hong Kong Takeovers Code. The statements in this announcement as to holdings or borrowings or lendings of, or voting of Shares (or options, rights over Shares, warrants or derivatives in respect of them) by parties acting in concert with the Offeror are subject to the holdings, borrowings or lendings (if any) of the other parts of the HSBC group. As part of its proprietary warrant issuance business, in June 2011 HSBC issued a series of up to 120,000,000 European style cash settled call warrants expiring December 28, 2012 referencing underlying Shares pursuant to its program for the issuance of Hong Kong listed structured products. The exercise price of these warrants is HK\$13.28 per ten warrants. These warrants are listed on the Hong Kong Stock Exchange. Each ten warrants reference one underlying Share. As at the Announcement Date, 970,000 warrants are outstanding; referencing to a total of 97,000 underlying Shares. Furthermore as at the Latest Practicable Date, in relation to 318,220 Shares currently held by HSBC 198,350 Shares are held as collateral pursuant to a stock borrowing arrangement.

5. HSBC Trustee (Hong Kong) Limited is the trustee in relation to the Share Award Scheme and currently holds 2,394,459 Shares. The Company does not issue any Shares to satisfy the Share Awards but provides sufficient funds by way of loan or contribution to enable HSBC Trustee (Hong Kong) Limited to purchase sufficient Shares on the market to satisfy Share Awards that vest. Under the terms of the trust deed, HSBC Trustee (Hong Kong) Limited is prohibited from exercising any voting rights in respect of any Shares held under the trust.

Following the effective date of the Scheme and the withdrawal of listing of the Shares on the Hong Kong Stock Exchange, the Company will be wholly-owned by the Offeror.

As at the Latest Practicable Date, the relevant securities of the Company in issue comprised 5,002,039,375 Shares of which the Scheme Shares (being 1,352,024,308 Shares) represent approximately 27.03%.

As at the Latest Practicable Date, the Offeror held 2,611,760,638 Shares representing approximately 52.21% of the issued share capital of the Company. Such Shares will not form part of the Scheme Shares and will not be voted on the Scheme at the Cayman Islands Court Meeting. As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 1,062,224,676 Shares, representing approximately 21.24% of the issued share capital of the Company. Of these Offeror Concert Parties, the Shares held by Alibaba Group Treasury Limited and Direct Solutions Management Limited, which are wholly owned subsidiaries of the Offeror, will not form part of the Scheme Shares and will not be voted on the Scheme at the Cayman Islands Court Meeting. The Shares held by the remaining Offeror Concert Parties will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Offeror Concert Parties will abstain from voting on the Scheme at the Cayman Islands Court Meeting.

Save for the Outstanding Share Options, RSUs and Share Awards, there are no outstanding options, warrants, derivatives or other securities issued by the Company that carry a right to subscribe for or which are convertible into Shares; and save as disclosed in this section 4 of this Announcement, there are no outstanding derivatives in respect of the Shares that have been entered into by the Offeror or the Offeror Concert Parties as at the Latest Practicable Date.

5. FINANCIAL RESOURCES

On the assumption that, before the Record Date, no Outstanding Share Options and Offeror Share Options are exercised and no RSUs, Offeror RSUs and Share Awards have vested, the amount of cash required to implement the Proposal (before taking into account the Rule 13 Offers and the Offeror Incentives Proposals to be made) would be approximately HK\$18,252 million. On the assumption that all Outstanding Share Options and Offeror Share Options are exercised and all RSUs, Offeror RSUs and Share Awards have vested before the Record Date, the amount of cash required for the Proposal (after taking into account the Rule 13 Offers and the Offeror Incentives Proposals to be made) would be approximately HK\$19,628 million.

The Offeror intends to finance the cash required for the Proposal, the Rule 13 Offers and the Offeror Incentives Proposals from a combination of external debt financing provided by a consortium of banks (being Australia and New Zealand Banking Group Limited, Credit Suisse AG, Singapore Branch, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and Mizuho Corporate Bank, Ltd., Hong Kong Branch) and the internal cash resources of the Offeror.

Rothschild, Credit Suisse and Deutsche Bank, being the joint financial advisors to the Offeror, are satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal, the Rule 13 Offers and the Offeror Incentives Proposals in accordance with their terms.

6. INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares have been listed on the Main Board of the Hong Kong Stock Exchange since November 6, 2007 with the stock code 1688. The Company is a global leader in e-commerce for small businesses and the flagship company of the Offeror Group. Founded in 1999 in Hangzhou, China, the Company makes it easy for millions of buyers and suppliers around the world to do business online through three marketplaces: a global trade platform (www.alibaba.com) for importers and exporters; a Chinese platform (www.1688.com) for domestic trade in China; and a transaction-based wholesale platform on the global site (www.aliexpress.com) geared for smaller buyers seeking fast shipment of small quantities of goods. The Company has offices in more than 70 cities across Greater China, India, Japan, Korea, Europe and the United States.

7. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the Cayman Islands with limited liability, and the parent company of the Company. The Offeror Group is a family of internet-based businesses that includes online marketplaces that facilitate business-to-business international and domestic China trade, retail platforms, shopping search engine and data-centric cloud computing services. The Offeror Group was founded in 1999 by Mr. Jack Ma. The privately held Offeror Group reaches internet users in more than 240 countries and regions. The Offeror Group, including its affiliated entities, employs more than 25,000 people in over 70 cities in Greater China, India, Japan, Korea, the United Kingdom and the United States.

8. BACKGROUND TO, REASONS FOR, AND BENEFITS OF, THE PROPOSAL

Background

The Company's strategy since its initial public offering has been primarily to focus on driving customer and revenue growth, which has contributed to a compound annual growth rate in total revenue of approximately 36.0% from 2008 to 2010.

Following a strategic review, the Company shifted its focus in early 2011 from aggressive growth in paying members (i.e., sellers on the platform) to longer term value creation through improving the quality of its platforms to buyers, with a view to increase the number and activity levels of buyers, who are essential to the success of the e-commerce platforms but do not pay any fees for the use of the platforms.

These initiatives contributed to the Company experiencing negative growth in its paying members of 5.4% year-on-year in 2011, down from growth of 31.6% year-on-year in 2010. In addition, the Company's total revenue growth in 2011 decreased to approximately 15.5%, down from 43.4% in 2010.

In addition, the Company has been investing in several new business initiatives, including AliExpress and the 1688.com transactional platform, which have not yet contributed materially to revenues.

The Company is confident that its strategic shift will result in favorable long-term prospects. However, the new strategy may adversely affect the Company's revenue growth and limit earnings visibility for the foreseeable future.

Reasons for and benefits of the Proposal

To facilitate a shift in strategy towards longer term growth

The implementation of the Company's strategic plan, and its effect on the Company's near-term growth profile, may continue to lead to a difference between investors' view of the Company's share price and the Offeror's view of the Company's potential long-term value. Following implementation of the Proposal, the Offeror and the Company will be able to make strategic decisions focused on long-term benefits, free from the pressure of market expectations, earnings visibility and share price fluctuations associated with being a publicly listed company.

A depressed Share price may continue to adversely impact the Company's business, reputation with customers and employee morale

The Shares have closed below the Cancellation Price of HK\$13.50, being the initial public offering price of the Shares, since May 19, 2011.

As an e-commerce company providing a trading platform, the reputation of the Company as a leading, trustworthy, and efficient market place is important. The Offeror considers that the depressed price of the Shares has had an adverse impact on the Company's reputation with customers, and therefore on its business, and also on employee morale. The implementation of the Proposal would eliminate this adverse impact.

Change in investment and risk profile of the Shares

The above-mentioned shift to a new business strategy may continue to change the investment profile of the Shares for Shareholders and potential investors. The Proposal is intended to provide Scheme Shareholders with an opportunity to realize their investment in the Company for cash at an attractive premium - instead of assuming a different risk profile brought about by the new business strategy.

A good opportunity for Scheme Shareholders to realize their investment for a significant premium without suffering any illiquidity discount

The Shares suffer from low trading liquidity. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Date was approximately 9.14 million Shares per day, representing only approximately 0.18% of the issued Shares as at the Last Practicable Date. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares.

The Proposal provides Scheme Shareholders with an attractive opportunity to realize their investment in the Company in cash at a significant premium over the current market price of the Shares without having to suffer any illiquidity discount.

9. POSSIBLE TRANSACTION INVOLVING THE OFFEROR

The Offeror has been engaged in discussions with Yahoo! regarding the possibility of restructuring Yahoo!'s holdings in the Offeror. These discussions may or may not result in an agreement and, accordingly, the Possible Yahoo! Transaction may or may not proceed.

The Scheme will not be conditional on completion of the Possible Yahoo! Transaction, nor will the Offeror enter into any agreement relating to the Possible Yahoo! Transaction that is

conditional on the Scheme becoming effective. A further announcement will be made by the Offeror and the Company if and when appropriate.

10. DISPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Cayman Islands Companies Law and the Rules of the Cayman Islands Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Rule 13 Offers, and the advice of the Independent Financial Advisor to the Independent Board Committee, a notice of the Cayman Islands Court Meeting and a notice of an extraordinary general meeting of the Company, together with proxies in relation thereto, will be dispatched to the Shareholders as soon as practicable and in compliance with the requirements of the Hong Kong Takeovers Code and the Cayman Islands Grand Court, and other applicable regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Cayman Islands Court Meeting or the extraordinary general meeting of the Company.

11. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Hong Kong Stock Exchange for the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

12. IF THE SCHEME IS NOT APPROVED OR PROPOSAL LAPSES

The listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn if the Scheme is not approved or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Hong Kong Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

13. OVERSEAS SHAREHOLDERS

The making of (i) the Proposal to Scheme Shareholders; (ii) the Option Offer to holders of Outstanding Share Options; (iii) the RSU Offer to holders of RSUs; (iv) the Share Award Offer to holders of Share Awards; (v) the Offeror Incentives Proposals to holders of Offeror Share Options and Offeror RSUs, who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and such holders of Outstanding Share Options, RSUs, Share Awards, Offeror Share Options and Offeror RSUs, respectively, are located. Such persons should inform themselves about and observe any applicable legal or

regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas holders of Outstanding Share Options, RSUs, Share Awards, Offeror Share Options and Offeror RSUs, wishing to take any action in relation to the Proposal, the Rule 13 Offers and the Offeror Incentives Proposals, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

14. SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

As at the Latest Practicable Date, the Offeror held 2,611,760,638 Shares representing approximately 52.21% of the issued share capital of the Company. Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror is not a Scheme Shareholder, it will not vote on the Scheme at the Cayman Islands Court Meeting. The Offeror will undertake to the Cayman Islands Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and Conditions of the Scheme.

As at the Latest Practicable Date, and so far as the Offeror is aware taking into account Note 1 to Rule 3.5 of the Hong Kong Takeovers Code, members of the Credit Suisse group (except those which are exempt principal traders, in each case recognized by the Executive as such for the purposes of the Hong Kong Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Proposal under the Hong Kong Takeovers Code held a long position in 2,254,500 Shares (approximately 0.05%).

As at the Latest Practicable Date, and so far as the Offeror is aware taking into account Note 1 to Rule 3.5 of the Hong Kong Takeovers Code, members of the Deutsche Bank group (except those which are exempt principal traders and exempt fund managers, in each case recognized by the Executive as such for the purposes of the Hong Kong Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Proposal under the Hong Kong Takeovers Code held a long position in 514,015 Shares (approximately 0.01%).

As at the Latest Practicable Date, Alibaba Group Treasury Limited was interested in an aggregate of 1,000,000,000 Shares; Direct Solutions Management Limited was interested in an aggregate of 38,254,429 Shares; Mr. Jack Ma was interested in an aggregate of 15,369,053 Shares; and Mr. Joseph Tsai was interested in an aggregate of 3,120,000 Shares; they are all presumed to be parties acting in concert with the Offeror in relation to the Proposal under the Hong Kong Takeovers Code. By reason of their relationships with the Offeror, Yahoo!, Softbank, HSBC, Credit Suisse and Deutsche Bank are also deemed to be Offeror Concert Parties. Of these Offeror Concert Parties, the Shares held by Alibaba Group Treasury Limited and Direct Solutions Management Limited, which are wholly owned subsidiaries of the Offeror, will not form part of the Scheme Shares and will not be voted on the Scheme at the Cayman Islands Court Meeting. The Shares held by the remaining Offeror Concert Parties will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Offeror Concert Parties will abstain from voting on the Scheme at the Cayman Islands Court Meeting.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on (i) the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to simultaneously restore the issued share capital of the Company to the

amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror. The Offeror has indicated that if the Scheme is approved at the Cayman Islands Court Meeting, those Shares held by it will be voted in favor of the resolutions to be proposed at the extraordinary general meeting of the Company.

15. GENERAL

The Offeror has appointed Rothschild, Credit Suisse and Deutsche Bank as its joint financial advisors and the Company has appointed HSBC as its financial advisor, in connection with the Proposal.

The Board comprises 12 directors, four of whom (namely, Mr. Jonathan Lu, Ms. Maggie Wu, Ms. Sabrina Peng and Mr. Ye Peng) are executive directors, four of whom (namely, Mr. Jack Ma, Mr. Joseph Tsai, Ms. Rose Tsou and Mr. Satoshi Okada) are non-executive directors and the remaining four of whom (namely, Mr. Niu Gen Sheng, Mr. Walter Kwauk, Mr. Andrew Tsuei and Mr. Savio Kwan) are independent non-executive directors.

As Mr. Jack Ma and Mr. Joseph Tsai are non-executive directors of the Company and also directors of the Offeror, and Ms. Rose Tsou and Mr. Satoshi Okada are non-executive directors of the Company nominated by Offeror Concert Parties (respectively, Yahoo! and Softbank) for appointment to the Board, all of the non-executive directors of the Company (other than the independent non-executive directors of the Company) are regarded as being interested in the Proposal and therefore have not participated in any vote of the Board in relation to the Proposal and will not form part of the Independent Board Committee. In light of Mr. Andrew Tsuei and Mr. Savio Kwan's significant interests in the Offeror, they will not form part of the Independent Board Committee.

An Independent Board Committee, which comprises Mr. Niu Gen Sheng and Mr. Walter Kwauk, both of whom are independent non-executive directors of the Company, has been established by the Board to make a recommendation to the Independent Shareholders and the holders of Outstanding Share Options, RSUs and Share Awards in connection with the Proposal and the Rule 13 Offers. In addition, an independent financial advisor, Somerley, approved by the Independent Board Committee, has been appointed to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rule 13 Offers.

The Executive Directors believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole. Mr. Jack Ma and Mr. Joseph Tsai, who may have a material interest in the Proposal and have not participated in any vote of the Board in relation to the Proposal, believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

Save for the Proposal and the Scheme itself, there are no arrangements (whether by way of option, indemnity or otherwise) relating to relevant securities which may be an inducement to deal or refrain from dealing as described in Note 8 to Rule 22 of the Hong Kong Takeovers Code between the Offeror or any of the Offeror Concert Parties and any other person in relation to shares of the Offeror or the Shares which might be material to the Proposal.

There are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

Save as disclosed in section 4 of this Announcement, the Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Latest Practicable Date.

No irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the Latest Practicable Date.

Associates of the Company or the Offeror (as defined in the Hong Kong Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Hong Kong Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Hong Kong Takeovers Code.

In accordance with Rule 3.8 of the Hong Kong Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Hong Kong Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations or principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

16. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:00 a.m. on February 9, 2012 (Hong Kong time), pending the issuance of this announcement. An application has been made by the Company to the Hong Kong Stock Exchange for the resumption of trading in the Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on February 22, 2012 (Hong Kong time).

17. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Hong Kong Takeovers Code
“Announcement Date”	February 21, 2012, being the date of this announcement
“associates”	has the meaning ascribed to it in the Hong Kong Takeovers Code
“Authorizations”	all the necessary authorizations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$13.50 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Cayman Islands Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961), as consolidated and revised of the Cayman Islands
“Cayman Islands Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Cayman Islands Grand Court at which the Scheme will be voted upon
“Cayman Islands Grand Court”	the Grand Court of the Cayman Islands
“Company”	Alibaba.com Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are currently listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1688)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” of this announcement
“Conditions Long Stop Date”	means the date which is 120 days after the Announcement Date
“Credit Suisse”	Credit Suisse (Hong Kong) Limited, the joint financial advisor to the Offeror in connection with the Proposal. Credit Suisse is a licensed corporation under the Securities and Futures Ordinance, licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance

“Deutsche Bank”	Deutsche Bank AG Hong Kong Branch, the joint financial advisor to the Offeror in connection with the Proposal. Deutsche Bank is a Registered Institution with respect to Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and Type 9 regulated activity (asset management) under the Securities and Futures Ordinance, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Executive Directors”	Mr. Jonathan Lu, Ms. Maggie Wu, Ms. Sabrina Peng and Mr. Ye Peng
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, the financial advisor to the Company in connection with the Proposal. HSBC is a registered institution under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Niu Gen Sheng and Mr. Walter Kwauk, established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal and the Rule 13 Offers
“Independent Financial Advisor” or “Sommerley”	Sommerley Limited, the independent financial advisor to the Independent Board Committee in connection with the Proposal. Sommerley is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties

“Last Trading Day”	February 8, 2012, being the last trading day prior to the date of suspension of trading in the Shares on the Hong Kong Stock Exchange pending the issuance of this announcement
“Latest Practicable Date”	February 17, 2012, being the latest practicable date for ascertaining certain information contained in this announcement
“Offeror”	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and a substantial Shareholder
“Offeror Concert Parties”	parties presumed to be acting in concert with the Offeror in relation to the Proposal under the definition of “acting in concert” under the Hong Kong Takeovers Code
“Offeror Group”	the Offeror and its subsidiaries, other than members of the Group
“Offeror Incentives”	the Offeror Share Options and Offeror RSUs
“Offeror Incentives Proposals”	the proposed treatment of holders of the Offeror Incentives, as described in this Announcement
“Offeror Share Option(s)”	the outstanding, vested and unvested, share option(s) granted by the Offeror which relate to the Shares held by the Offeror
“Offeror RSU(s)”	the outstanding restricted share unit(s) granted by the Offeror which relate to Shares held by the Offeror
"Option Offer"	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options
“Outstanding Share Option(s)”	the outstanding, vested and unvested, share option(s) granted under the Share Option Scheme from time to time
“Possible Yahoo! Transaction”	the possible restructuring of Yahoo!’s holdings in the Offeror
“PRC”	the People’s Republic of China
“Proposal”	the proposal for the privatization of the Company by the Offeror by way of the Scheme
“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Rothschild”	Rothschild (Hong Kong) Limited, the joint financial advisor to the Offeror in connection with the Proposal. Rothschild is a licensed corporation under the Securities and Futures Ordinance, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated

	activities under the Securities and Futures Ordinance
“RSU(s)”	the outstanding restricted share unit(s) granted under the RSU Scheme
“RSU Offer”	the offer to be made by or on behalf of the Offeror to the holders of the RSUs
“RSU Scheme”	the RSU scheme adopted by the Company on October 12, 2007, amended on May 5, 2008 and further amended on December 1, 2010
“Rule 13 Offers”	the Option Offer, RSU Offer and Share Award Offer
“Scheme”	a scheme of arrangement under Section 86 of the Cayman Islands Companies Law involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document of the Company and the Offeror containing, among other things, further details of the Proposal and the Scheme together with the additional information specified in the section headed “10. Dispatch of Scheme Document” of this announcement
“Scheme Share(s)”	Share(s) other than those held directly or indirectly by the Offeror, Alibaba Group Treasury Limited and Direct Solutions Management Limited
“Scheme Shareholder(s)”	holder(s) of Scheme Shares as at the Record Date
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Share Award(s)”	the outstanding share award(s) granted under the Share Award Scheme from time to time
“Share Award Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Share Awards
“Share Award Scheme”	the share award scheme adopted by the Company on August 10, 2010 and amended on November 10, 2010
“Share Option Scheme”	the share option scheme adopted by the Company on October 12, 2007 and amended on December 10, 2010

“Softbank”	SOFTBANK CORP., a substantial shareholder of the Offeror
“trading day”	a day on which the Hong Kong Stock Exchange is open for the business of dealings in securities
“US” or “United States”	United States of America
“US Exchange Act”	the US Securities Exchange Act 1934, as amended
“Yahoo!”	Yahoo! Inc., a substantial shareholder of the Offeror

By Order of the Board of
Alibaba Group Holding Limited
MA Yun, Jack
Chairman

By Order of the Board of
Alibaba.com Limited
WONG Lai Kin, Elsa
Company Secretary

Hong Kong, February 21, 2012

As at the Latest Practicable Date, the directors of the Offeror are:

MA Yun, Jack TSAI Chung, Joseph MORSE, Timothy SON, Masayoshi

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the Latest Practicable Date, the composition of the Board is as follows:

***Chairman and
Non-executive Director***
MA Yun, Jack

Non-executive Directors
TSAI Chung, Joseph
TSOU Kai-Lien, Rose
OKADA, Satoshi

Executive Directors
LU Zhaoxi, Jonathan
WU Wei, Maggie
PENG Yi Jie, Sabrina
YE Peng

Independent Non-executive Directors
NIU Gen Sheng
KWAIK Teh Ming, Walter
TSUEI, Andrew Tien-Yuan
KWAN Ming Sang, Savio

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.