Alibaba Group Proposes Privatization of Alibaba.com

Proposal offers shareholders HK$13.50 in cash per share

60.4 percent premium to last 60-day trading average closing price

HONG KONG, February 21, 2012 – Alibaba Group (the "Offeror") and Alibaba.com (HKSE: 1688; 1688.HK) today jointly announced that the Offeror has made a proposal to the Board of Directors of Alibaba.com to privatize the company. The Offeror and concert parties together hold 73.45 percent of Alibaba.com.

The proposal offers minority shareholders HK$13.50 per share in cash, which implies a premium of 60.4 percent over the 60-day average closing price of Alibaba.com shares, and a premium of 55.3 percent over the 10-day average closing price.

The Offeror stated in the announcement filed with the Hong Kong Stock Exchange today that the offer price will not be increased. Under Hong Kong regulations, the Offeror will not be permitted to increase the offer price. Alibaba.com shareholders will in due course be sent a scheme document and will be invited to vote on the proposed offer. The Offeror and its concert parties will not be permitted to vote in relation to the proposed offer. The Offeror further stated in the joint announcement that it intends to finance the privatization from a combination of new committed financing and existing cash on hand.

A major factor driving Alibaba Group's decision to privatize its publicly traded subsidiary, which is engaged in the B2B marketplace business, is to provide minority shareholders an opportunity to realize returns while Alibaba.com implements a shift in its business strategy. Alibaba.com and the Offeror stated in their joint announcement that this shift could result in slower revenue growth and less earnings visibility in the short- to medium-term. Alibaba.com's business in the early years was driven by a focus on rapidly increasing the number of manufacturers, trading companies and wholesalers that pay a subscription fee to sell products on the company's marketplaces in order to maximize revenue growth. Last year, the company implemented a major initiative toward improvements in the quality of the buyers' experience on the company's online marketplaces. As a result the pace of adding paying customers has been slowed down. In previous disclosures, Alibaba.com outlined this strategic shift, warning investors that despite confidence in the favorable long-term prospects of these initiatives, there would likely be a short- to medium-term impact on financial results.

"Taking Alibaba.com private will allow our company to make long-term decisions that are in the best interest of our customers and that are also free from the pressures that come from having a publicly listed
company,” said Jack Ma, founder, chair and CEO of Alibaba Group and Board chair of Alibaba.com. “With this offer, we provide our shareholders a chance to realize their investment now at an attractive cash premium rather than waiting indefinitely during this period of transition.”

Since November 6, 2007 when Alibaba.com was initially offered to the public at HK$13.50 per share, the Hang Seng Index has declined more than 27 percent (as of the close on February 20, 2012).

An Independent Board committee of Alibaba.com has been formed to evaluate the proposal and will work with its own independent financial advisor to formulate recommendations to independent shareholders. The recommendation of the Independent Board committee will be disclosed in the scheme document to be dispatched as soon as practicable.

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About Alibaba Group

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 (HKSE: 1688; 1688.HK), Alibaba Group's flagship company and the world's leading B2B e-commerce company; Taobao Marketplace, China's primary C2C online shopping destination; Tmall.com, China's leading B2C online marketplace for quality, brand name goods; eTao, China's most comprehensive shopping search engine; Juhuasuan, China's most comprehensive group shopping platform; Alibaba Cloud Computing, a developer of advanced data-centric cloud computing services; and China Yahoo!, one of China's leading Internet portals. Alipay, China's largest third-party online payment service, is an affiliate of Alibaba Group.

About Alibaba.com Limited

Alibaba.com (HKSE: 1688) (1688.HK) is the global leader in e-commerce for small businesses and the flagship company of Alibaba Group. Founded in 1999 in Hangzhou, China, Alibaba.com makes it easy for millions of buyers and suppliers around the world to do business online mainly 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. Together, these marketplaces form a community of more than 76.3 million registered users in more than 240 countries and regions. As part of its strategy to transition into a holistic platform where small companies can build and manage their online business more easily, Alibaba.com also offers Chinese traders a wide array of business management software, Internet infrastructure services and export-related services directly or through companies it has acquired including HiChina and One-Touch, as well as educational services to incubate enterprise management and e-commerce professionals. Alibaba.com also owns Vendio and Auctiva, leading providers of third-party e-commerce solutions for online
merchants. Alibaba.com has offices in more than 70 cities across Greater China, India, Japan, Korea, Europe and the United States.

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