

Alibaba discloses powerful partners, reveals slowing growth
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Alibaba Group Holding revealed the members of its powerful 27-person partnership and board yesterday, while disclosing that the Chinese e-commerce giant's growth has slowed from the red-hot pace of recent quarters.

In an updated prospectus for what could be the largest tech IPO in history, Alibaba said the partnership includes founder Jack Ma, executive vice chairman Joseph Tsai and chief executive officer Jonathan Lu. The group has the exclusive right to nominate a majority of Alibaba's nine-member board, effectively ensuring control of the company rests in the hands of insiders.

Among four independent directors asked to join a post-IPO board were former Hong Kong chief executive Tung Chee Hwa, Yahoo Inc founder Jerry Yang, and J. Michael Evans, former vice chairman of Goldman Sachs Group Inc.

Alibaba is expected to eclipse Facebook Inc's US\$15 billion (RM48.38 billion) initial share sale in 2012 when it debuts late this summer. But investors and governance experts have raised questions about Alibaba's scant disclosures, and Ma's murky web of third-party transactions.

Tung's inclusion may open doors for Alibaba, though his tenure was marked by controversy. He is uncle to the wife of corporate finance chief Michael Yao.

"His family relationship is a negative from a Western governance point of view, but probably a positive from an Asian" perspective, said Boston University School of Management professor James Post. "The board will be the place where 'East meets West' governance happens at Alibaba in the years to come."

The company's five executive board directors are Ma, Tsai, Lu, chief operating officer Daniel Zhang, and Masayoshi Son, founder of SoftBank Corp, Alibaba's biggest shareholder with a 34.3% stake.

Alibaba previously said its partnership encompassed 28 members, elected annually. It did not explain the change yesterday.

Yesterday's filing also divulged more information about the operations of Alibaba, which handles more transactions than Amazon.com and eBay combined.

Alibaba reported its net income in the quarter ended March climbed 32% to 5.543 billion yuan (RM2.87 billion). Revenue was up 38% to 12.031 billion yuan, compared to a 62% increase in the previous quarter.

Shares of Yahoo, which tend to move in sync with the perceived valuation of its roughly 24% slice of Alibaba, closed more than 5% lower.

Alibaba's eBay-like Taobao saw gross merchandise volume rise 32% to 295 billion yuan in the March quarter. For Amazon-like Tmall, volume was up 90% to 135 billion yuan. Both rates of growth were down from previous quarters.

"From the fourth quarter, you're always going to have a drop-off quarter to quarter, but this is a pretty big one," said Ronald Josey at JMP Securities. – Reuters, June 17, 2014.

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