

Chinese e-commerce giant Alibaba sells off US arm

SHANGHAI - China's e-commerce titan Alibaba said Tuesday it is selling its US shopping subsidiary 11 Main only a year after launching it, having reportedly failed to gain traction in the market...

The site will be sold to US firm OpenSky, Alibaba said in a statement without putting a value on the deal. It said it would retain a minority stake in the combined entity, which would carry 50,000 brands. The statement did not specify the stake size or give reasons for the sale.



Reports said Alibaba would also sell to OpenSky three support and logistic subsidiaries for 11 Main - Auctiva, Vendio and SingleFeed. When 11 Main was launched in June last year Alibaba's chairman of US investments Michael Zeisser said it "brings something incredibly unique to the US market".

Alibaba has a hugely dominant position in Chinese e-commerce, with its Tmall.com platform believed to command more than half the Chinese market for business-to-consumer transactions. Its Taobao platform holds more than 90% of the consumer-to-consumer market.

But its overseas expansion has remained slow, although it acquired a more than nine percent stake in US online retailer Zulily in May.

"We wish to have 40% business in overseas market, so far our overseas business only accounts for two percent," its founder and executive chairman Jack Ma said in New York this month.

The company, based in the eastern Chinese city of Hangzhou, completed the world's biggest IPO last September with a listing on the New York Stock Exchange that raked in \$25 billion. The IPO was priced at \$68 and the shares rocketed to \$120 in November.

But since then they have been hammered by poor third-quarter results and a row with Chinese authorities who accused Alibaba of allowing imitation goods to be sold on its platform. Alibaba said last month it would replace its chief executive despite a 45% gain in revenue in the January-March quarter. Profits plunged by nearly half in the period.

Source: AFP

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