China Investment Corp. in talks for Alibaba Stake
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Nelson Ching/Bloomberg NewsAlibaba's headquarters outside Hangzhou, China.

The China Investment Corporation is in advanced talks to pour as much as $2 billion into the Alibaba Group to help finance the Internet company's efforts to buy back a stake from Yahoo, a person briefed on the matter said on Thursday.

C.I.C., a $200 billion Chinese sovereign wealth fund, is one of several potential partners from whom Alibaba would raise money to pay for the stake repurchase. On Sunday, Alibaba announced a long-awaited deal to buy back half of Yahoo's 40 percent stake in the company for $7.1 billion.

To finance the purchase, Alibaba is raising about $4.6 billion in total. The Chinese Internet company is holding talks with a number of other firms, including Temasek, a Singaporean sovereign fund; DST Global, the Russian investment firm; and the Blackstone Group, according to people briefed on the discussions.

The pact with Yahoo values Alibaba at about $35 billion, though that figure could rise if the Chinese company is able to raise financing at a higher valuation.

Over the last several years, Alibaba has undertaken a number of moves that could lead to a transformation of the Chinese Internet giant, including an initial public offering down the road. On Thursday, Alibaba was finalizing the takeover of its publicly traded subsidiary, Alibaba.com. But the biggest move has been securing an agreement with Yahoo over the stake repurchase, beginning the unwinding of an often tense partnership.

Yahoo's investment in Alibaba in 2005 helped the Chinese company become a premier Internet and e-commerce player in that country, but the two have clashed over a number of matters. Perhaps the bitterest conflict began in 2010, when Alibaba decided to spin off Alipay, its online payment business. Yahoo protested that it was not properly consulted before the move, setting up a battle that was resolved only last summer.

Several years ago, Alibaba sought to buy back some of the stake Yahoo held, but the American company backed out late in the process. The abrupt end to the discussions was said to rankle Jack Ma, Alibaba's chief executive, who felt that the break had hurt his relationships with companies that had agreed to back that first repurchase agreement.

The two resumed talks late last year, hoping to reach a deal on a complicated transaction known as a cash-rich split, which would have amounted to a tax-free asset swap. But those talks ran aground earlier this year over a number of concerns, including breakup fees and the valuation of Alibaba.

The two tried again in March, aiming for a simpler deal in which the Chinese company would buy back some of its stake directly. Talks between the two companies — led by Alibaba's chief financial officer, Joe Tsai, and his Yahoo counterpart, Timothy R. Morse — proceeded smoothly in the final attempt at negotiations, with many details being decided fairly quickly.

It appears that a new détente has emerged between the two. Yahoo, for instance, has agreed to give up certain voting powers and an ability to name a second director to Alibaba's board as part of the stake repurchase agreement announced on Sunday.

That may help allay concerns by Chinese regulators that Alibaba is controlled by foreign investors, worries the company has been keen to eliminate.

Fonte: The New York Times, New York, 24 May 2012, International.