

Ilya Garger

Editor in Chief

ilya.garger@capitalprofile.com

Jacob Li

Analyst

jacob.li@capitalprofile.com

Willow Yang

Reporter

willow.yang@capitalprofile.com

Unequal Partners: The Hierarchy of Alibaba's Inner Circle

Although the board of Alibaba Group will nominally be controlled by a group of 27 recently-revealed partners, the hierarchy within this group will likely allow chairman Jack Ma to dominate the company, an analysis of the partners' relationships shows. Most of the group's senior members were hired by Jack Ma and are his long-time employees, while a majority of the other partners report to them, with the result that the partnership could end up serving as a rubber-stamp body, people familiar with the company said.

The 27 partners, whose identities were announced on 17 June, have the power to nominate a majority of the company's board members. Alibaba Group's decision to list in the US was largely due to the reluctance of the Hong Kong stock exchange – where the company's flagship wholesale e-commerce website Alibaba.com was listed from 2007 to 2012 – to let minority shareholders control a company. Its IPO is expected later this year.

All the partners are required to hold a “meaningful” stake in the company “in order to align the interests of partners with the interests of the shareholders”, according to the IPO prospectus. The 27 partners currently hold a total of 14.2% in the company. Jack Ma and vice-chairman Joseph Tsai hold 8.9% and 3.6%, respectively, and with the rest owning a total of 1.7%.

Softbank Corp and Yahoo! Inc, the largest shareholders of Alibaba, are not represented among the partners. They have agreed to agree to vote their shares in favor of the directors nominated by the

partners, according to the IPO prospectus. Softbank and Yahoo! hold 34.4% and 22.6% stakes in Alibaba, respectively.

A “partnership committee” comprising Jack Ma, Joseph Tsai, CEO Jonathan Lu, co-founder Lucy Peng and vice president Zeng Ming has the authority to nominate new partners, who are then voted on by the broader group. Of the other partners, six report to Lucy Peng, four to Jonathan Lu, and two to Joseph Tsai.

Alibaba Group's partners have the power to nominate five of the company's nine directors. Even if the partners' director nominees are rejected by shareholders, the partners can appoint interim board members who will serve until their next crop of nominees is voted on, according to the prospectus.

An Alibaba spokesperson said that despite the partners' varying roles in the company hierarchy, they are equals within the partnership.

Alibaba's prospectus states that the partners are the company's “culture carrier[s]”. Since its founding in 1999, the culture of Alibaba Group has been based on the charismatic leadership of Jack Ma, who has been chairman since the company was established and also served as CEO until 2013. While other individuals are often referred to as co-founders, all were recruited by Ma and are his subordinates. The following table details the roles and relationships of Alibaba's partners, showing how responsibility within the group is distributed, and how authority is concentrated.

Name	Age	
Jack Ma (Ma Yun)	49	Jack Ma is co-founder and chairman of Alibaba Group. A former English teacher at Hangzhou Dianzi University (previously called Hangzhou Institute of Electrical Engineering), Ma founded Alibaba in 1999 with a group of 17 acquaintances in Hangzhou. He was CEO until 2013. Ma is a member of the partnership committee.
<ul style="list-style-type: none"> • Joseph Tsai (Tsai Chung Hsin) 	50	Taiwan-born Joseph Tsai is co-founder and vice chairman of Alibaba Group, and was Alibaba's CFO until 2013. He helped arrange early financing for Alibaba from Goldman Sachs in 1999, and is also the main architect of its upcoming IPO. Before being recruited by Jack Ma, Tsai worked at the Hong Kong office of Swedish investment company Investor AB. He holds a JD from Yale University and worked as a lawyer in the US in the early 1990s. Tsai is a member of the partnership committee.
<ul style="list-style-type: none"> • Timothy Sternert 	54	US national Timothy Sternert is general counsel and corporate secretary of Alibaba Group, and reports to co-founder and vice chairman Joseph Tsai. He was a senior partner at Freshfields Bruckhaus Deringer for seven years, specializing in Hong Kong IPOs and cross-border M&A deals, before joining in Alibaba Group in 2007. Unlike Alibaba's other partners, who are based in Hangzhou, Sternert and Tsai are based in Hong Kong.
<ul style="list-style-type: none"> • Sara Yu (Yu Siying) 	39	Sara Yu is associate general counsel of Alibaba Group in charge of legal affairs in China. Yu's specialties are intellectual property, IPOs, and international law. She represented Alibaba in intellectual property litigation in 2005 as a lawyer with Zhejiang Haihao Law Firm, and joined the group the same year. Yu was employed as counsel at Hangzhou-based Capital Equity Legal Group in 2008. She reports to Timothy Sternert.
<ul style="list-style-type: none"> • Jonathan Lu (Lu Zhaoxi) 	44	Jonathan Lu is CEO of Alibaba Group. Lu worked in a Guangzhou hotel for six years before joining the sales department of Alibaba's Guangdong branch in 2000. Lu is a member of the partnership committee.
<ul style="list-style-type: none"> • Trudy Dai (Dai Shan) 	37	Trudy Dai is co-founder and "chief customer officer" of Alibaba Group. Jack Ma was Dai's English teacher at Hangzhou Dianzi University. She reports to Jonathan Lu.
<ul style="list-style-type: none"> • Jiang Peng 	40	Jiang Peng is president and deputy chief technology officer of Alibaba Group. He is responsible for Alibaba's cloud computing unit, its Yun OS and its digital entertainment division. He joined Alibaba in 2000 and supervised the R&D team of C2C e-retailing business Taobao Marketplace. Jiang is a member of the "management and executive committee", which implements the board's decisions. The committee's members report to CEO Jonathan Lu.
<ul style="list-style-type: none"> • Liu Zhenfei 	42	Liu Zhenfei joined Alibaba Group in 2006 and is vice president for infrastructure operations. Liu previously worked at Microsoft as a developer of Office software. Liu reports to Jiang Peng.
<ul style="list-style-type: none"> • Zhang Yu 	44	Zhang Yu joined Alibaba Group in 2004 and is vice president of corporate development. She reports to Jonathan Lu.
<ul style="list-style-type: none"> • Lucy Peng (Peng Lei) 	40	Lucy Peng is co-founder and "chief people officer" of Alibaba Group. Peng is also chief executive officer of Small and Micro Financial Services Company (SMFS), the parent company of Alibaba's online payment arm Alipay. She previously taught at Zhejiang University of Finance and Economics and is married to Sun Tongyu, another founding partner of Alibaba. Sun had worked with Ma since 1996, and was president of Taobao Marketplace, before leaving Alibaba in 2008. He founded Zhejiang Bcast Educational Software in 2008. Peng is a member of the partnership committee.

Sources: Capital Profile research; press reports; company disclosures

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For sales inquires contact David Cavanagh (+852 2158 9779; david.cavanagh@capitalprofile.com)

Name	Age	
<ul style="list-style-type: none"> • Eric Jing (Jing Xiandong) 	41	Eric Jing is CFO of Small and Micro Financial Services Company (SMFS), which is led by Lucy Peng. SMFS is the parent company of Alibaba's online payment arm Alipay. Jing was CFO of Coca-Cola's Guangzhou branch from 2004 to 2006, and joined Alibaba Group in 2007.
<ul style="list-style-type: none"> • Cheng Li 	39	Cheng Li joined Alibaba Group in 2005 and is chief architect at Small and Micro Financial Services Company (SMFS), the parent company of Alibaba's online payment arm Alipay. Cheng was a PhD candidate in computer science at Shanghai Jiao Tong University when he worked part-time at Alibaba Group in 2004. He reports to Eric Jing.
<ul style="list-style-type: none"> • Simon Hu (Hu Xiaoming) 	44	Simon Hu is risk manager of Alibaba Group's SME loan business, as well as chief risk officer of Small and Micro Financial Services Company (SMFS), the parent company of Alipay. He worked at China Construction Bank and China Everbright Bank before joining Alibaba in 2005. Hu reports to Lucy Peng.
<ul style="list-style-type: none"> • Fan Luyuan 	41	Fan Luyuan joined Alibaba Group in 2007 and is president of China business at Small and Micro Financial Services Company (SMFS), the parent company of Alibaba's online payment arm Alipay. Fan reports to Lucy Peng.
<ul style="list-style-type: none"> • Sabrina Peng (Peng Yijie) 	35	Sabrina Peng is international business vice president of Small and Micro Financial Services Company (SMFS), the parent company of Alibaba's online payment arm Alipay. She joined Alibaba after graduating from Xi'an Jiao Tong University in 2000. Sabrina Peng reports to Lucy Peng.
<ul style="list-style-type: none"> • Jiang Fang 	40	Jiang Fang is co-founder and vice president of Alibaba Group, and was an English student of Jack Ma at Hangzhou Dianzi University. She is in charge of "corporate integrity" and human resources at Alibaba Group, and led an internal investigation of fraud at Alibaba in 2012. Over 2000 vendors on who were rated highly by the website were found to have defrauded buyers. The investigation also found that 100 Alibaba staff had helped vendors evade the company's authentication system. Alibaba's CEO and COO then resigned after the scandal. Jiang reports to Lucy Peng.
<ul style="list-style-type: none"> • Maggie Wu (Wu Wei) 	46	Maggie Wu replaced Joseph Tsai in 2013 as CFO of Alibaba Group. Wu was an audit partner with KPMG China before she joined Alibaba in 2007.
<ul style="list-style-type: none"> • Daniel Zhang (Zhang Yong) 	42	Daniel Zhang is chief operating officer of Alibaba Group. He worked at Arthur Anderson and PwC before joining Nasdaq-listed online game company Shanda Games as CFO in 2005. He was hired by Alibaba in 2007 and is responsible for the group's wireless business.
<ul style="list-style-type: none"> • Sophie Wu (Wu Minzhi) 	38	Sophie Wu is president of the company's flagship wholesale e-commerce website Alibaba.com. She has worked at Alibaba since 2000. Wu reports to Daniel Zhang.
<ul style="list-style-type: none"> • Shao Xiaofeng 	48	Shao Xiaofeng is chief risk officer of Alibaba Group. A former policeman, he was chief of the Hangzhou Public Security Bureau's criminal investigation unit before joining Alibaba in 2005. Shao and Ma have known each other since high school.
<ul style="list-style-type: none"> • Wang Jian 	51	Wang Jian is chief technology officer of Alibaba Group. Before joining Alibaba in 2008, he was a psychology professor at Zhejiang University and also worked for Microsoft in China.

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Name	Age	
<ul style="list-style-type: none"> • Jeff Zhang (Zhang Jianfeng) 	40	Jeff Zhang joined Alibaba Group in 2004 and is president of Taobao Marketplace.
<ul style="list-style-type: none"> • Judy Tong (Tong Wenhong) 	43	Judy Tong is COO of China Smart Logistics, Alibaba Group's logistics arm, which was founded in 2013. Tong started as a receptionist at Alibaba in 2000.
<ul style="list-style-type: none"> • Zeng Ming 	44	Zeng Ming joined Alibaba Group in 2006 and is senior vice president for corporate strategy. He formerly worked at Yahoo! China, where he served as acting president from 2006 to 2007. He has taught at INSEAD and Cheung Kong Graduate School of Business. Zeng is a member of the partnership committee.
<ul style="list-style-type: none"> • Wang Shuai 	39	Wang Shuai, a senior vice president of Alibaba Group, is responsible for corporate communications and marketing. Before joining in the group in 2003, Wang was a journalist at Jinan Daily, Tom.com and Fortune Times. Fortune Times was successfully sued for libel by China Guardian Auctions over a story written by Wang and his colleagues.
<ul style="list-style-type: none"> • Jin Jianhang 	44	Jin Jianhang is co-founder and senior vice president of Alibaba Group. Jin graduated from Fudan University in Shanghai with a degree in journalism, and worked as a reporter for Zhejiang Daily and International Business Daily. He interviewed Jack Ma in Beijing in 1998. He has worked with Jack Ma since before the founding of Alibaba, having been web editor of state-owned Cofortune Information Technology, where Ma was general manager.
<ul style="list-style-type: none"> • Eddie Wu (Wu Yongming) 	39	Eddie Wu is co-founder and senior vice president of Alibaba Group. He has worked with Jack Ma since 1995, when he joined Ma's first internet startup China Pages. In 1998, he was the sole web developer of state-owned Cofortune Information Technology, of which Ma was general manager.

