

Yahoo's email service in China to close in August

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Yahoo's email service in China will close this summer as part of an arrangement worked out with its partner in that country, Alibaba Group.

The service is scheduled to close Aug. 19. Yahoo is recommending users of its free email service in China transfer their accounts to another provider such as Aliyun, an email alternative offered by [Alibaba](#).

Yahoo Inc., based in Sunnyvale, California, has been phasing out of China since 2005 when it turned its website, email and other services over to Alibaba. As part of that deal, Yahoo paid \$1 billion for a 40 percent stake in Alibaba, one of China's biggest Internet companies.

It has proven to be an astute investment. Yahoo reaped a \$7.6 billion windfall by selling half its stake back to Alibaba last year. Yahoo's remaining stake in Alibaba is now worth even more—about \$14 billion by one analyst's estimate.

Alibaba is expected to go public within the next two years, giving Yahoo an opportunity to sell more of its holdings.

The closure of Yahoo's email service in China comes at the same time that the company has been shutting down some of its U.S. services, too. The moves are part of an effort to reduce costs and free up more engineers to work on mobile products—a top priority of CEO [Marissa Mayer](#).

Yahoo was among the first U.S. Internet companies to establish operations in China. But its presence in China turned into a public relations nightmare eight years ago when [human rights activists](#) began to assail Yahoo for cooperating with the [Chinese government](#)'s demands for personal emails from two journalists who were later convicted and imprisoned.

Although Yahoo insisted it was merely obeying Chinese law, the company was internationally skewered. In 2007, it settled a lawsuit filed on behalf of the two journalists, Shi Tao and Wang Xiaoning, and a family member.

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