

Yahoo! shares sink on Alibaba tensions

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A man sits next to a laptop near the logo of Yahoo! in Germany 2007. Yahoo! shares extended their slide on Friday amid tensions with Alibaba Group, the Chinese e-commerce giant in which the California Internet company holds a large stake.

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Shares in [Yahoo!](#) were down 4.08 percent to \$16.47 at midday on Wall Street.

Yahoo! stock began sinking on Wednesday on news that [Alibaba](#) had spun its online payment business, Alipay, out of the reach of the US-based Internet giant.

Yahoo! filed paperwork on Tuesday notifying the US [Securities and Exchange Commission](#) that ownership of Alipay had been shifted to a Chinese company owned mostly by Alibaba chief executive Jack Ma.

In the filing, Yahoo! said the transfer of ownership of Alipay was done without the knowledge or approval of Alibaba's board of directors or shareholders.

Yahoo! said it was done in August although Yahoo! and another major Alibaba stakeholder, Japan's [Softbank](#), were only informed of it in March.

Alibaba rejected Yahoo!'s claims in a statement on Friday and said that the Chinese legal requirements that necessitated the change in ownership had been discussed at numerous board meetings.

Alibaba said the move was made to "comply with Chinese law governing payment companies in order to secure a license to continue operating Alipay."

"The Alibaba Group board discussed at numerous board meetings over the past three years the impending imposition of new regulatory requirements on the online payment industry, including ownership structures," Alibaba said.

It said the Alibaba board was told in July 2009 that a majority shareholding in Alipay had been transferred to Chinese ownership. The remaining stake was apparently transferred in August.

"The actions taken by Alibaba Group management to comply with the licensing regulations and to ensure continuation of operations are in the best interests of the company and its shareholders," Alibaba said.

Yahoo! owns a 43 percent stake in Alibaba and an estimated 40 percent share of Alipay.

Yahoo! co-founder [Jerry Yang](#), who stepped down as chief executive two years ago and was replaced by Autodesk CEO Carol Bartz, sits on the Alibaba board.

Relations between Yahoo! and Alibaba have been rocky for some time but Bartz gave Alibaba's Ma a vote of confidence in September saying Yahoo! is "very supportive of the operational direction Jack Ma and his team are taking the group."

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