

SINA CORPORATION

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

No. 8 SINA Plaza,

Courtyard 10, the West Xibeiwang E. Road,

Haidian District

Beijing 100193,

People's Republic of China

(Address of principal executive offices)

Bonnie Yi Zhang, Chief Financial Officer

Phone: +86 10 8262 8888

Facsimile: +86 10 8260 7166

7/F SINA Plaza,

No. 8 Courtyard 10 West Xibeiwang E. Road,

Haidian District,

Beijing 100193,

People's Republic of China

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Shares, \$0.133 par value	The Nasdaq Stock Market LLC
Ordinary Shares Purchase Rights	(Nasdaq Global Select Market)

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not Applicable
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

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(Title of Class)

As of December 31, 2017, there were 71,409,729 ordinary shares of the registrant outstanding (excluding 10,079,948 ordinary shares that have been repurchased but not cancelled), par value \$0.133 per share, and 7,150 class A preference shares of the registrant outstanding, par value \$1.00 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of large accelerated filer, accelerated filer and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

(Do not check if a smaller reporting company)

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012. Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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INTRODUCTION

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

- we, us, our company, the Company, our and SINA refer to Sina Corporation, its subsidiaries, and, in the context of describing our operations and consolidated financial information, include our consolidated variable interest entities (VIEs) in China;
- China or PRC refers to the People's Republic of China and, solely for the purpose of this annual report, do not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan;
- GAAP refers to generally accepted accounting principles in the United States;
- monthly active users or MAUs refer to monthly active users, which are Weibo users who logged in and accessed Weibo through Weibo's website, mobile website, desktop or mobile applications, SMS or connections via platform partners' websites or applications that are integrated with Weibo, during a given calendar month. The numbers of MAUs are calculated using internal company data that has not been independently verified, and we treat each account as a separate user for purposes of calculating MAUs, although it is possible that certain individuals or organizations may have set up more than one account and certain accounts are used by multiple individuals within an organization;
- daily active users or DAUs refer to daily active users, which are Weibo users who logged in and accessed Weibo through Weibo's website, mobile website, desktop or mobile applications, SMS or connections via platform partners' websites or applications that are integrated with Weibo, on a given day, and average DAUs for a month refers to the average of the DAUs for each day during the month. The numbers of DAUs are calculated using internal company data that has not been independently verified, and we treat each account as a separate user for purposes of calculating DAUs, although it is possible that certain individuals or organizations may have set up more than one account and certain accounts are used by multiple individuals within an organization;
- shares refer to our ordinary shares;

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- all references to RMB or renminbi are to the legal currency of China, and all references to \$, dollars, US and U.S. dollars are to the legal currency of the United States. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.5063 to US\$1.00, the exchange rate on December 29, 2017 as set forth in the H.10 statistical release published by the Federal Reserve Board; and
- all discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, and the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation the disclosures made under the caption Risk Factors included herein.

Table of Contents**PART I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**A. Selected Financial Data**

The selected consolidated financial data present the results for the five fiscal years ended and as of December 31, 2017. The selected consolidated financial data below should be read in conjunction with our consolidated financial statements and notes thereto, Item 5. Operating and Financial Review and Prospects below, and other information contained in this annual report.

	2013(1)	2014(2)	2015(3)	2016(4)	2017(5)
	For the Year Ended December 31, (in \$ thousands, except per share data)				
Operations:					
Net revenues	665,106	768,241	880,669	1,030,936	1,583,884
Gross profit	394,042	477,900	545,289	676,240	1,169,747
Income (loss) from operations	22,572	(40,914)	12,222	73,276	388,576
Income before income tax expense	58,432	168,741	46,143	304,527	424,239
Net income	43,830	161,771	35,723	277,308	349,563
Net income attributable to SINA ordinary shareholders	45,132	176,802	25,678	225,087	156,569
Net income per share attributable to SINA ordinary shareholders					
Basic	0.68	2.72	0.43	3.20	2.20
Diluted	0.66	2.63	0.40	3.01	2.09
Shares used in computing basic net income per share	66,741	64,950	60,237	70,301	71,284
	67,087	71,565	60,648	77,511	73,931

Shares used in computing diluted net income per share

(1) Fiscal year 2013 results included a dilution loss of \$10.2 million in the investment in E-House (China) Holdings Limited (E-House), which was related to the issuance of incremental shares by E-House to its management in March 2013, whose issuance price per share was less than our average carrying value per share. We also recognized a \$6.1 million of other- than-temporary impairment loss on our investments under the cost method and a \$21.1 million gain from change in fair value of investor option liability.

(2) Fiscal year 2014 results included: 1) a \$109.2 million gain from the sale of a portion of our investment in Alibaba Group Holding Limited (Alibaba) through Yunfeng E-Commerce Funds in Alibaba s initial public offering, 2) a \$49.2 million gain as a result of the initial public offering of Tian Ge Interactive Holding Limited (Tian Ge), a live social video company that we invested in, 3) a gain of \$29.1 million from the acquisition by Tencent Holdings Ltd. (Tencent) of a 15% equity interest in Leju Holdings Limited (Leju), a then subsidiary of E-House, on a fully diluted basis, 4) a \$19.2 million gain as a result of the initial public offering of Leju, 5) a loss of \$47.0 million in the fair value change of option liabilities, which was related to the option granted to Alibaba, and 6) an impairment of \$14.5 million related to goodwill acquired from Beijing Weiyue Information Technology Co., Ltd (Weiyue), which is an online reading platform operator.

(3) Fiscal year 2015 results included an \$18.9 million gain from the sale of a portion of our investment in Youku Tudou Inc. (Youku Tudou).

(4) Fiscal year 2016 results included: 1) a \$159.5 million gain from the sales of our certain investments under cost method, 2) a \$44.2 million gain from the sale of a portion of our investment in Alibaba, 3) a \$34.5 million gain as a result of the disposal of our investment in Youku Tudou, 4) a loss of \$28.5 million in the fair value change of option liabilities related to E-House, and 5) an impairment of \$40.2 million related to goodwill and acquired intangible assets.

(5) Fiscal year 2017 results mainly included: 1) a \$92.3 million gain from the sale of our investment in Alibaba, 2) a \$113.1 million of other-than-temporary impairment loss on our investments in Leju.

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	2013	2014	As of December 31, 2015 (in \$ thousands)	2016	2017
Financial position:					
Cash, cash equivalents and short-term investments	1,868,239	2,166,538	2,209,853	1,797,065	3,372,543
Working capital(1)	1,787,837	2,140,134	1,336,098	1,684,789	2,829,813
Total assets(2)	2,881,769	3,692,845	4,356,947	4,284,874	5,815,394
Long-term liabilities(1)(2)	878,666	880,060	101,724	222,612	942,865
Total liabilities(2)	1,206,151	1,271,575	1,480,279	1,193,895	2,215,665
Total SINA shareholders' equity	1,191,210	2,145,772	2,565,272	2,679,590	2,846,842
Total shareholders' equity	1,675,618	2,421,270	2,876,668	3,090,979	3,599,729

(1) As of December 31, 2015, SINA's convertible notes amounting to \$800 million were reclassified into current liabilities since the holders had a right to require us to repurchase their notes on December 1, 2016. On December 1, 2016, we repurchased \$646.9 million principle amount of convertible notes upon the exercise of put option by the note holders. Following the repurchase, approximately \$153.1 million of convertible notes were outstanding with a maturity date on December 1, 2018. On October 30, 2017, Weibo, one of our subsidiaries, issued \$900 million convertible notes with a maturity date on November 15, 2022.

(2) Effective starting January 2016, ASU 2015-3 issued by the Financial Accounting Standards Board, or the FASB, requires entities to present the issuance costs of debt on the balance sheet as a direct deduction from the related debt rather than assets. Accordingly, we retrospectively reclassified \$16.1 million, \$10.5 million and \$4.9 million of the issuance cost of debt from other assets or prepaid expenses into convertible debt for 2013, 2014 and 2015, respectively.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business

We are subject to risks associated with operating in a rapidly developing and evolving industry.

The online advertising and marketing industry is rapidly evolving in China and is subject to continuous technological developments and changing customer demands. As an online media company which generates a significant portion of its revenues from advertising and marketing services, our future success depends largely upon our ability to enhance our existing services and solutions and to introduce new services and solutions with features that meet evolving technological developments, user preferences and customer demands, all in a timely and cost-effective manner. For example, we must develop and promote new services and solutions to address the rapidly developing mobile internet environment in order to maintain our competitive position. The development of mobile technology and the increasing penetration of internet have brought China into a new era in which people gradually turn away from traditional portal websites to mobile applications for obtaining and consuming information. Along this development, we have observed slower growth of our portal advertising revenues, in particular advertising revenues generated from our portal website, as many brand advertisers shift their budget to mobile applications that attract an increasing amount of user traffic. At the same time, we have been experiencing rapid growth with our Weibo revenues as the number of Weibo users continues to increase at a fast pace in the recent years. We have made and will continue to make various efforts to cater to such changing user behavior and meet evolving customer demands, but if we do not successfully execute our business strategies, we may lose users and customers, which could have material adverse impact on our business and results of operations.

Our ability to successfully execute our business strategies depends on a number of factors, many of which are beyond our control. For example, we rely on advertisers from several industries for a majority of our portal advertising and marketing business. In 2017, approximately 63% of our portal advertising revenues in China were derived from the automobile, fast-moving consumer goods, internet service, financial services and IT sectors. If there is a downturn in advertising and marketing spending, especially in these sectors, our results of operations, cash flows and financial condition could suffer. Other factors that may affect our ability to successfully execute our business strategies include but not limited to:

- the development and retention of a large base of users possessing demographic characteristics attractive to advertisers;

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- the maintenance and enhancement of our brands in a cost-effective manner;
- increased competition and potential downward pressure on online advertising and marketing prices and limitations of display space on web pages and mobile applications;
- changes in government policy that curtail or restrict our online advertising and marketing services or content offerings or increase our costs associated with policy compliance;
- the acceptance of online advertising and marketing as an effective way for advertisers to market their businesses;
- advertisers' preferences for new online advertising and marketing formats, products or business models offered by other competitors and our ability to provide similar or competing new formats, products and solutions;
- the development of independent and reliable means of verifying levels of online advertising and traffic; and
- the effectiveness of our advertising delivery, tracking and reporting systems.

If our social media platform Weibo is unable to compete effectively for user traffic or user engagement, our business and operating results may be materially and adversely affected.

Competition for user traffic and user engagement is intense and Weibo faces strong competition in its business. Major Chinese internet companies, including Tencent, Baidu and NetEase, as well as new players in China who provide online media, including content aggregation and distribution services, compete directly with Weibo for user traffic and user engagement, content, talent and marketing resources. As a media platform in nature, Weibo also competes with offline media companies for audiences and content. In addition, as a social media featuring social networking services and messenger features, Weibo is subject to intense competition from providers of similar services as well as potentially new types of online services. These services include (i) messengers and other social apps and sites, such as Weixin/WeChat, QQ Mobile, Qzone Mobile, Laiwang, Douban and Momo; (ii) news apps and sites, such as those operated by other major internet companies, including Tencent, Baidu, NetEase, Sohu, Phoenix New Media and Bytedance; (iii) multi-media apps (photo, short video, live streaming, etc.), such as Momo, Kuaishou, YY, Youku Tudou, iQiyi, Tencent Video, Paipai, Bytedance and Meipai.

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Weibo also competes with both offline and online games for the time and money of gamers. Weibo has begun to offer social commerce solutions to our customers that enable them to conduct e-commerce on its platform. Consequently, Weibo's offerings compete with e-commerce companies and online verticals that enable merchants to conduct e-commerce, including location-based services and online-to-offline services. In addition to direct competition, Weibo faces indirect competition from companies that sponsor or maintain high traffic volume websites or provide an initial point of entry for internet users, including but not limited to providers of search services, web browser and navigation pages, such as Baidu, UC Web and Qihoo 360. Weibo may also face increasing competition from global social media, social networking services and messengers, such as Snapchat, Instagram, Facebook, Youtube, Twitter, WhatsApp, Line, Kakao Talk and Snow. Some of Weibo's competitors may have substantially more cash, traffic, technical and other resources than Weibo does. Weibo may be unable to compete successfully against these competitors or new market entrants, which may adversely affect Weibo's business and financial performance.

We believe that Weibo's ability to compete effectively for user traffic and user engagement depends upon many factors that may be beyond our control, including:

- the popularity, usefulness, ease of use, performance and reliability of our products and services compared to those of Weibo's competitors;
- the amount, quality and timeliness of content aggregated on Weibo's platform;
- Weibo's ability to enable celebrities, KOLs, media outlets and other content creators to quickly and efficiently build a fan base and monetize from their social assets;

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- Weibo's ability, and the ability of Weibo's competitors, to develop new products and services and enhancements to existing products and services to keep up with user preferences and demands;
- the frequency, relevance and relative prominence of the ads displayed by Weibo or Weibo's competitors;
- Weibo's ability to establish and maintain relationships with platform partners;
- Weibo's ability to provide effective customer service and support;
- changes mandated by, or that Weibo elects to make to address, legislation, regulations or government policies, some of which may have a disproportionate effect on Weibo;
- acquisitions or consolidation within Weibo's industry, which may result in more formidable competitors; and
- Weibo's reputation and brand strength relative to Weibo's competitors.

Weibo monetization may require users to accept promoted marketing in their feeds or private messages, which may affect user experience and cause decline in user traffic and delay in Weibo monetization.

Weibo users typically can log into their personal accounts to view user-generated feeds and private messages from accounts that they have selected to follow. Social media companies have been subject to negative comments for introducing advertising into their users' relation-based information feeds. We started to test promoted advertising products in Weibo at the end of December 2012 and have received user complaints. If we are unable to address user complaints to an acceptable level, Weibo's monetization may be delayed and usage activities may decline, which may adversely impact our revenues and profitability.

The markets for internet and social media and social networking services are highly competitive, and we may be unable to compete successfully against established industry competitors and new entrants, which could reduce our market share and adversely affect our financial performance.

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We provide online content and services for the global Chinese community, including but not limited to informational features, microblogging and social networking services as well as other fee-based services. This industry can be characterized as highly competitive and rapidly changing due to the fast growing market demand. Barriers to entry are relatively low, and current and new competitors can launch new websites, mobile applications or services at a relatively low cost. Many companies offer rich content and various services targeting this community and compete with our offerings.

In terms of informational features, we compete with existing or emerging PRC internet portals such as Baidu Inc. (Baidu), Tencent, NetEase, Sohu and Phoenix New Media Limited (iFeng.com). In addition, we also face competition from vertical websites, which may have better focus and more resources dedicated to a specific topical area, such as automobile, finance and IT information. Our competitors in this area include Hexun, East Money, China Finance Online, Autohome, Bitauto, PCAuto, Xcar, ZOL Online, PCpop.com and PCOnline.

As we expand our product and services offerings into social media and social networking services, online video, WAP (mobile portal), blog, light blog and messaging services, we face competition from companies that are focused in the same space. Major Chinese internet companies, including Tencent, NetEase and Sohu, as well as other microblogging services and new players in China who offer online media, including content aggregation and distribution services, compete directly with us for user traffic and user engagement, content, talent and marketing resources. In addition, as a form of social media featuring social networking services and messaging services, we are subject to intense competition from providers of similar services as well as potential new types of online services, including interest-based social products. If our social media platform Weibo fails to compete effectively for user traffic and user engagement and generate sustainable revenue growth and profit, our share price could suffer significantly. We have begun to offer social commerce solutions to our customers that enable them to conduct e-commerce on our platform. Consequently, our offerings compete with e-commerce platforms that enable merchants to conduct e-commerce, including location-based services and online-to-offline services. In addition, we may also face increasing competition from global social media and social networking services, such as Twitter and Facebook.

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In addition, we compete with companies who sponsor or maintain high traffic volume websites or provide an initial point of entry for internet users, including but not limited to, providers of search services, navigation pages, desktop applications and mobile applications. Smart phone operating system providers such as Apple Inc. (iOS), Google (Android) and Microsoft (Windows) are also becoming a threat as mobile internet users are increasingly using the application stores as an initial entry point to various internet products and services. Online companies who can aggregate significant traffic may have the ability to direct traffic to their other internet offerings and provide competing advertising and fee-based services.

We also compete for advertisers with traditional media companies, such as newspapers, magazines and television networks that have a longer history of operation and greater acceptance among advertisers. Although outdoor media companies more directly compete with traditional media such as television, they also indirectly compete with us to convert advertisers from traditional media to their own formats.

Many of our competitors have greater financial resources, a longer history of providing online services, a larger and more active user base, more established brand names and currently offer a greater breadth of products that may be more popular than our online offerings. Many of our competitors are focused solely on one area of our business and are able to devote all of their resources to that business line and can more quickly adapt to changing technology and market conditions. As internet usage in Greater China increases and the Greater China market becomes more attractive to advertisers and for conducting fee-based services, large global competitors, such as Facebook, and Google, may increasingly focus their resources on the Greater China market. We cannot assure you that we will succeed in competing against the established and emerging competitors in the market. The increased competition could result in reduced traffic, loss of market share and revenues, and lower profit margins.

Our business is highly sensitive to the strength of our brands, and we may not be able to maintain current or attract new users, customers and strategic partners for our products and offerings if we do not continue to increase the strength of our brands and develop new brands successfully in the marketplace.

Our operational and financial performance is highly dependent on our strong brands in the marketplace. Such dependency will increase further as the number of internet and mobile users as well as the number of market entrants in China grows. In order to retain existing and attract new internet users, advertisers, mobile customers and strategic partners, we may need to substantially increase our expenditures to create and maintain brand awareness and brand loyalty.

We receive a high degree of media coverage in Chinese communities around the world. There has in the past been various negative press coverage about our company based on untrue or unsubstantiated rumors and, as a result, the perception of our brands as well as the price of our ordinary shares has at times been negatively affected. For example, there was broad media coverage about the talk between the State Internet Information Office, which regulates the dissemination of information over internet in China, and us regarding its concerns about the spread of illegal information in our portal website sina.com.cn. Although no penalty was affirmative yet, the negative media coverage still might have jeopardized our brand and our users' willingness to use our services. We have in some cases taken affirmative steps to address such coverage. However, we cannot assure you that we will be able to diffuse negative press coverage about our company to the satisfaction of our investors, users, advertisers, customers and strategic partners. If we are unable to diffuse negative press coverage about our company, our brands may suffer in the marketplace, our operational and financial performance may be negatively impacted and the price of our ordinary shares may decline.

We rely in part on application marketplaces, internet search engines, navigation sites and web browsers to drive traffic to our platform and website, and if we fail to appear high up in the search results or rankings, traffic to our platform and website could decline and our business

and operating results could be adversely affected.

We rely on application marketplaces, such as Apple's App Store, Google Play, Baidu Mobile Assistant, and 360 Mobile Assistant, to drive downloads of the mobile applications of our products, including Weibo, Sina News and Sina Finance. In the future, Apple, Google or other operators of application marketplaces may make changes to their marketplaces which make access to our products and services more difficult. We also depend in part on internet search engines, navigation sites and web browsers, such as Baidu, Sogou, Google, Hao123, Hao360, UC Browser and 360 Browser, to drive traffic to our website. For example, when a user types an inquiry into a search engine, we rely on a high organic search result ranking of our webpages in these search results to refer the user to our website. However, our ability to maintain high organic search result rankings is not totally within our control. Our competitors' search engine optimization, or SEO, efforts may result in their websites receiving a higher search result page ranking than ours, or internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If Internet search engines modify their search algorithms in ways that are detrimental to us, or if our competitors' SEO efforts are more successful than ours, the growth in our user base could be adversely affected. In addition, navigation websites or web browsers might reduce the recommendation of our products for various reasons occasionally. Any reduction in the number of users directed to our mobile applications or website through application marketplaces, internet search engines, navigation sites and web browsers could harm our business and operating results.

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Due to the rapidly evolving market in which we operate, we cannot predict whether we will meet internal or external expectations of future performance.

Our primary market is in China, where the internet industry is rapidly evolving and new products, new business models and new players emerge from time to time. In addition, regulatory changes can have an unexpected and significant impact on many aspects of our business. We believe our future success depends on our ability to significantly grow our revenues from new and existing products, business models and sales channels. However, market data on our business, especially on new products, business models and sales channels, are often limited, unreliable or nonexistent. Accordingly, our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in a fast changing market where there are abundant private and public capital to support competing new product developments, new business models and new companies. These risks include our ability to:

- offer new and innovative products;
- react quickly and effectively to regulatory changes;
- respond effectively to competitive pressures and address the effects of strategic relationships or corporate combinations among our competitors;
- maintain our current, and develop new, strategic relationships;
- increase awareness of our brand and continue to build user loyalty;
- attract and retain qualified managerial and other talented employees;
- upgrade our technology to support increased traffic and expanded services; and
- expand the content and services on our network, secure premium content and increase network bandwidth in a cost-effective manner.

Due to the rapidly evolving market in which we operate, our historical year-over-year and quarter-over-quarter trends may not provide a good indication of our future performance. For certain business lines, we have experienced high growth rates in the past and there may be expectations that these growth rates will continue. For other business lines, we have experienced declining trends. In the past, we have relied on the growth of our online advertising business to derive profitability, which we have used to fund new initiatives such as Weibo. Our online advertising business may suffer from price competition from other online advertising companies. We may have to lower our profitability or operate at a loss in order to adequately fund critical initiatives that we believe will create value for our company and strengthen our market position over the long run. Our operating results have in the past fallen below the expectations of industry analysts and investors and may fall again in the future. Our share price may decline significantly as a result of our failure to meet such expectations.

You should not place undue reliance on our financial guidance, nor should you rely on our quarterly operating results as an indication of our future performance, because our results of operations are subject to significant fluctuations.

We may experience significant fluctuations in our quarterly operating results due to a variety of factors, many of which are outside our control. Significant fluctuations in our quarterly operating results could be caused by various factors, including but not limited to, our ability to retain existing users and user activity levels, attract new users at a steady rate and maintain user satisfaction; the announcement or introduction of new or enhanced services, content and products by us or our competitors; lack of significant news events in the current period, resulting in lower website traffic; technical difficulties, system downtime or internet failures; changes in demand for advertising space, new advertising formats or new advertising products from advertisers; seasonality of the advertising market; the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure; mobile operators policies; governmental regulation and potentially sudden changes in policies affecting our businesses; seasonal trends in internet use; a shortfall in our revenues relative to our forecasts and a decline in our operating results due to our inability to adjust our spending quickly; decreases in earnings from equity investments; impairment of our equity investments; lower interest income resulting from decrease in interest yield and cash balance; and general economic conditions and economic conditions specific to the internet, wireless, e-commerce, media/advertising industry and the Greater China market. As a result of these and other factors, you should not place undue reliance on our financial guidance, nor should you rely on quarter-to-quarter comparisons of our operating results as indicators of likely future performance. Our quarterly revenue guidance is our best estimate at the time we provide guidance. Our operating results may be below our expectations or the expectations of public market analysts and investors in one or more future quarters. If that occurs, the price of our ordinary shares could decline and you could lose part or all of your investment.

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We have incurred and may continue to incur substantial stock-based compensation expenses.

We adopted our 2007 share incentive plan in June 2007 and 2015 share incentive plan in July 2015. Our subsidiary Weibo adopted a 2010 share incentive plan in August 2010 and a 2014 share incentive plan in March 2014. See Item 6. Directors, Senior Management and Employees B. Compensation for a detailed discussion. For the years ended December 31, 2015, 2016 and 2017, we recorded \$56.1 million, \$73.8 million and \$91.4 million, respectively, in stock-based compensation expenses. We will continue to grant stock-based compensation in the future in order to attract and retain key personnel and employees. Consequently, our stock-based compensation expenses may be recurring and even significantly increase in absolute amount, which may have a material adverse effect on our results of operations.

Our financial results could be adversely affected by our long-term investments.

We periodically review our long-term investments in publicly traded companies, privately held companies and limited partnerships for impairment. If we conclude that any of these investments are impaired and that such impairment is other-than-temporary, we will write down the asset to its fair value and take a corresponding charge to our consolidated statements of comprehensive income. As of December 31, 2017, our long-term investments included \$1,025.9 million in privately held companies and limited partnerships, which may not have the resources nor level of controls in place like public companies to timely and accurately provide updates about their companies to us. Furthermore, many of our investments are at an early, pre-revenue stage of development, and their impairment may be difficult to assess as market information on internet-related startups is not readily available. Determination of estimated fair value of these investments require complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information. Consequently, we may not receive information about our investments on a timely basis to properly account for them. We are unable to control these factors and an impairment charge recognized by us, especially untimely recorded, may adversely impact our financial results and share price. We recognized an impairment charge of \$6.6 million, \$36.3 million and \$122.1 million on our long-term investments in 2015, 2016 and 2017, respectively. We may continue to incur impairment charges, which could depress our profitability or subject us to incur a net loss.

On December 30, 2016, we disposed of our beneficial ownership in E-House for a combination of cash and share consideration. As a result, we became a principal shareholder of Leju. We reported our ownership in Leju using the equity method.

Our future financial results may be also adversely affected by the performance of Leju and other equity investments accounted for under the equity method. If the financial results of Leju and other equity investments accounted for under the equity method decline, it will negatively impact our financial results. Furthermore, we will not be able to report our quarterly and annual results until we have obtained the result of the Leju and other equity investments accounted for under the equity method, which we have reported a quarter in arrears. A delay in the reporting by Leju and other equity investments accounted for under the equity method could adversely affect our reporting schedule and cause the market to react negatively to our share price. Leju's business is subject to risks that may be different than those that affect our business. Potential risks and uncertainties include, but are not limited to:

- fluctuations in China's real estate market;

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- the highly regulated nature of, and government measures affecting, the real estate and internet industries in China;
- Leju's ability to compete successfully against current and future competitors;
- Leju's ability to continue to develop and expand Leju's content, service offerings and features, and to develop or incorporate the technologies that support them;
- substantial revenue contribution from a limited number of real estate markets, including Beijing, Shanghai, Guangzhou, Chongqing and Tianjin;
- effectiveness of Leju's contractual arrangements in providing operational control over Leju's consolidated variable interest entities in China; and
- Leju's ability to receive distributions from, and to make loans to, and direct investments in, Leju's operating entities in China.

Further information regarding these and other risks can be found in Leju's filings with the SEC. We assume no obligation to update Leju's risks factors.

If we cannot obtain sufficient cash when we need it, we may not be able to meet our payment obligations under our convertible notes.

In November 2013 we issued \$800,000,000 principal amount of convertible senior notes due 2018, which we refer to as 2018 convertible notes in this annual report. The notes bear interest at a rate of 1.00% per year, payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2014. On December 1, 2016, a number of holders exercised their option rights under the indenture to require us to repurchase their notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest to but excluding the repurchase date. We paid approximately \$646.9 million in cash to repurchase such notes. As of December 31, 2017, \$153.1 million principal amount of convertible senior notes were outstanding, and they will mature on December 1, 2018. In addition, in October 2017 our subsidiary Weibo issued \$900 million principal amount of convertible senior notes due 2022, which we refer to as 2022 convertible notes in this annual report. These notes bear interest at a rate of 1.25% per year, payable semiannually in arrears on May 15 and November 15 of each year, beginning on May 15, 2018, and will mature on November 15, 2022. We may not have sufficient funds to pay the interest or fulfill other obligations under the notes.

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We derive most of our revenues from, and hold most of our assets through, our subsidiaries. As a result, we may rely in part upon distributions and advances from our subsidiaries in order to help us meet our payment obligations under the notes and our other obligations. Our subsidiaries are distinct legal entities and do not have any obligation (legal or otherwise) to provide us with distributions or advances. We may face tax or other adverse consequences, or legal limitations, on our ability to obtain funds from these entities. In addition, our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- our financial condition, results of operations and cash flows;
- general market conditions for financing activities by internet companies; and
- economic, political and other conditions in the PRC and elsewhere.

If we are unable to obtain funding in a timely manner or on commercially acceptable terms, we may not be able to meet our payment obligations under our convertible notes. If we fail to pay interest on the notes, we will be in default under the indenture governing the notes, which in turn may constitute a default under existing and future agreements governing our indebtedness.

If we are unable to keep up with the rapid technological changes of the internet industry, our business may suffer.

The internet industry is experiencing rapid technological changes. For example, with the advances of search engines, internet users may choose to access information through search engines instead of our web portal and other web properties. With the advent of Web 2.0, the interests and preferences of internet users have shifted to user-generated content, such as social media services, social networking services and other online communities. As broadband becomes more accessible, internet users may demand content in pictorial, audio-rich and video-rich formats. With the development of 3G, 4G and 4.5G networks in China and the growing availability of Wi-Fi connections, mobile users have been shifting from the predominant text messaging services to newer applications, such as social networking, location-based services, messengers with free texting, voicemail and internet conferencing, mobile commerce, music, photo and video download sites, applications and sharing platforms, and mobile games. In addition, with a large proportion of internet usage shifting from personal computers to mobile phones and other mobile devices in China, mobile operating systems, browsers and application-based platforms may redefine the way internet companies operate, impacting our competitiveness and hindering our ability to shift our personal-computer-based offerings into the mobile environment. Our future success will depend on our ability to anticipate, adapt and support new technologies and industry standards. If we fail to anticipate and adapt to these and other technological changes, our market share, profitability and share price could suffer.

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If we fail to successfully develop and introduce new products and services, our competitive position and ability to generate revenues could be harmed.

We continuously develop new products and services. The planned timing or introduction of new products and services is subject to risks and uncertainties. Actual timing may differ materially from original plans. Unexpected technical, operational, distribution or other problems could delay or prevent the introduction of one or more of our new products or services. For example, we started offering online loan facilitation service in 2017, and we have been providing guarantees of borrowers' repayment obligations to lenders as part of our service. However, due to the limited history operating such business and particularly the guarantee program, we might not be able to accurately estimate the guarantee liabilities arising from the guarantee repayment.

Moreover, we cannot be sure that any of our new products and services will achieve widespread market acceptance or generate incremental revenue. If our efforts to develop, market and sell new products and services to the market are not successful, our financial position, results of operations and cash flows could be materially adversely affected, the price of our ordinary shares could decline and you could lose part or all of your investment.

Traffic growth and user engagement depend upon effective interoperation with operating systems, networks, devices, web browsers and standards that we do not control.

We make our products and services available across a variety of operating systems and through websites. We are dependent on the interoperability of our products and services with popular devices, desktop and mobile operating systems and web browsers that we do not control, such as Windows, Mac OS, Android, iOS, and others. Any changes in such systems, devices or web browsers that degrade the functionality of our products and services or give preferential treatment to competitive products or services could adversely affect usage of our products and services. Further, if the number of platforms for which we develop our products increases, it will result in an increase in our costs and expenses. In order to deliver high quality products and services, it is important that our products and services work well with a range of operating systems, networks, devices, web browsers and standards that we do not control. In addition, because a large number of our users access our products and services through mobile devices, we are particularly dependent on the interoperability of our products and services with mobile devices and operating systems. We may not be successful in developing relationships with key participants in the mobile industry or in developing products or services that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for our users to access and use our products and services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected.

New technologies could block our advertisements; desktop clients and mobile applications and may enable technical measures that could limit our traffic growth and new monetization opportunities.

Technologies have been developed that can disable the display of our advertisements and that provide tools to users to opt out of our advertising products. Most of our revenues are derived from fees paid to us by advertisers in connection with the display of advertisement on webpages to our users. In addition, our traffic growth is significantly dependent on content viewing via mobile devices, such as smart phones and tablets. Technologies and tools for PCs and mobile devices, such as operating systems, internet browsers, anti-virus software and other applications, as well as mobile application download stores could set up technical measures to direct away internet traffic, require a fee for the download of our products or block our products all together, which could adversely affect our overall traffic and ability to monetize our services.

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Our business and growth could suffer if we are unable to hire and retain key personnel.

We depend on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers or other key employees could harm our business. Competition for qualified talent in China is intense. Our future success is dependent on our ability to attract a significant number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth, including that of Weibo, may be materially and adversely affected and our share price could suffer. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including stock-based compensation.

We may not be able to manage our expanding operations effectively, which could harm our business.

We have expanded rapidly by launching new services, acquiring companies, entering into joint ventures and forming strategic partnerships. These new businesses, joint ventures and strategic partnerships provide various services, such as instant messaging and application development. We anticipate continuous expansion in our business, both through further acquisitions and organic growth. In addition, the geographic dispersion of our operations as a result of acquisitions and organic growth requires significant management resources that our locally based competitors do not need to devote to their operations. In order to manage the planned growth of our operations and personnel, we will be required to improve and implement operational and financial systems, procedures and controls, and expand, train and manage our growing employee base. Further, our management will be required to maintain and expand our relationships with various other websites, internet and other online service providers and other third parties necessary to our business. We cannot assure you that our current and planned personnel, systems, procedures and controls will be adequate to support our future operations. If we are not successful in establishing, maintaining and managing our personnel, systems, procedures and controls, our business will be materially and adversely affected.

Our strategy of acquiring complementary assets, technologies and businesses may fail and may result in equity or earnings dilution.

As part of our business strategy, we have acquired and intend to continue to identify and acquire assets, technologies and businesses that are complementary to our existing business. Acquired businesses or assets may not yield the results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the cost of identifying and consummating acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. In addition, we may have to obtain approval from the relevant PRC governmental authorities for the acquisitions and comply with any applicable PRC rules and regulations, which may be costly. The PRC government has established additional procedures and requirements that could make merger and acquisition activities by us more time-consuming and complex. For instance, as of September 1, 2011, the PRC Ministry of Commerce (MOFCOM) adopted a national security review rule which requires acquisitions by foreign investors of PRC companies engaged in military-related or certain other industries that are crucial to national security to be subject to security review before consummation of any such acquisition. In the event that our acquisitions are not successful, our financial condition and results of operations may be materially and adversely affected.

We may not be able to adequately protect our intellectual properties, which could cause us to be less competitive.

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. For example, the Trademark Review and Adjudication Board, or the TRAB, made a decision on July 28, 2017 to cancel a registered trademark of Weibo Interactive, due to the lack of the proof of use. We have appealed the TRAB's decision with Beijing Intellectual Property Court. On December 25, 2017, Beijing Intellectual Property Court made the first instance judgment, lifted the TRAB's decision and determined that the TRAB shall make a new decision on the application for review regarding the trademark. If TRAB's new decision is not in favor of us, Weibo Interactive might have to change its trademark.

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Many of our products and services contain open source software, and we license some of our software through open source projects, which may pose particular risks to our proprietary software, products and services in a manner that could have a negative effect on our business.

We use open source software in our products and services and will use open source software in the future. In addition, from time to time, we contribute software source code to open source projects under open source licenses or release internal software projects under open source licenses, and anticipate doing so in the future. The terms of many open source licenses to which we are subject have not been interpreted by domestic or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may from time to time face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Additionally, because any software source code we contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely, and we are unable to prevent our competitors or others from using such contributed software source code. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a negative effect on our business, financial condition and operating results.

We may be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.

We may be subject to intellectual property infringement claims or other allegations by third parties for products or services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.

Companies in the internet, technology and media industries are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation, and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.

We allow users to upload written materials, images, pictures and other content on our websites and download, share, link to and otherwise access games and applications (some of which are developed by third parties) as well as audio, video and other content either on our platform or from other websites through our platform. We have procedures designed to reduce the likelihood that content might be used without proper licenses or third-party consents. However, these procedures may not be effective in preventing the unauthorized posting of copyrighted content.

With respect to games and applications available on our websites, we have procedures designed to reduce the likelihood of infringement. However, such procedures might not be effective in preventing games and applications, particularly those developed by third parties, from infringing upon other parties' rights. We may face liability for copyright or trademark infringement, defamation, unfair competition, libel,

negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our websites.

Defending intellectual property litigation is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our platform to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

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We allow users to upload written materials, images, pictures and other content on our platform and download, share, link to and otherwise access games and applications as well as audio, video and other content through our services. We have procedures designed to reduce the likelihood that content might be used without proper licenses or third-party consents. However, these procedures may not be effective in preventing the unauthorized posting of copyrighted content.

With respect to games and applications developed by third parties displayed on our platform, we have procedures designed to reduce the likelihood of infringement. However, such procedures might not be effective in preventing third-party games and applications from infringing other parties' rights. We may face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our services or published on our websites.

Defending patent and other intellectual property litigation is costly and can impose a significant burden on management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our websites to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

Regulatory investigations could cause us to incur additional expenses or change our business practices in a manner materially adverse to our business.

Internet content regulation in China is continuously evolving, which can and does sometimes result in sustained periods of enhanced enforcement of content censorship, cyber security reviews, user privacy compliance, and internet financial services oversight. In recent months, relevant regulators have ordered the suspension or significant curtailment of four of China's most popular news content apps as well as one of the most popular humor platforms, all in connection with content being shared or accessed by users.

In a period of enhanced scrutiny of internet content, we may become the target of regulatory investigations or audits in connection with products or services we provide or for information or content displayed on, retrieved from or linked to our platform, or distributed to our users. During such investigation, some or all of our products, services, features or functionalities could be terminated, and our apps could be removed from relevant app stores. It is also possible that a regulatory investigation could result in changes to our policies or practices, could result in reputational harm, prevent us from offering certain products, services, features or functionalities, cause us to incur substantial costs, or require us to change our business practices in a manner materially adverse to our business.

Our business and operations results may be harmed by service disruptions, or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.

The continual accessibility of our websites and mobile applications as well as the performance and reliability of our network infrastructure are critical to our reputation and our ability to attract and retain users, advertisers and merchants. Any system failure or performance inadequacy that causes interruptions in the availability of our services or increases the response time of our services could reduce our appeal to users and customers. Factors that could significantly disrupt our operations include system failures and outages caused by fire, floods, earthquakes, power loss, telecommunications failures and similar events; software errors; computer viruses, break-ins and similar disruptions from unauthorized

tampering with our computer systems; and security breaches related to the storage and transmission of proprietary information, such as credit card numbers or other personal information.

As the number of our users increases and our users generate more content, including photos and videos on our platform, we may be required to expand and adapt our technology and infrastructure to continue to reliably store and analyze this content. It may become increasingly difficult to maintain and improve the performance of our products and services, especially during peak usage times, as our products and services become more complex and our user traffic increases. We have limited backup systems and redundancy. In the past, we experienced an unauthorized tampering of the mail server of our China websites which briefly disrupted our operations. Future disruptions or any of the foregoing factors could damage our reputation, require us to expend significant capital and other resources and expose us to a risk of loss or litigation and possible liability. We do not carry sufficient business interruption insurance to compensate for losses that may occur as a result of any of these events. Accordingly, our revenues and results of operations may be adversely affected if any of the above disruptions should occur.

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We have contracted with third parties to provide content and services for our portal network and we may lose users and revenues if these arrangements are terminated.

We have arrangements with a number of third parties to provide content and services to our websites and mobile applications. In the area of content, we have relied and will continue to rely on third parties for the majority of the content that we publish under the SINA brand. Although no single third-party content provider is critical to our operations, if these parties fail to develop and maintain high-quality and successful media properties, or if a large number of our existing relationships are terminated, we could lose users and advertisers and our brand could be harmed.

In addition, the PRC government has the ability to restrict or prevent state-owned media from cooperating with us in providing certain content to us, which will result in a significant decrease of the amount of content we can publish on our websites and mobile applications. We may lose users if the PRC government chooses to restrict or prevent state-owned media from cooperating with us, in which case our revenues will be impacted negatively. Certain state-owned media companies, from whom we currently procure content, have built their own portal websites and may decide to not cooperate with us in the future.

In the area of web-based services, we have contracted with various third-party providers for our principal internet connections. If we experience significant interruptions or delays in service, or if these agreements terminate or expire, we may incur additional costs to develop or secure replacement services and our relationship with our users could be harmed.

Our future performance depends in part on support from platform and data partners.

We have made and are continuing to make investments to enable developers to build, grow, and monetize mobile and web applications that integrate with our products like Weibo. Such existing and prospective developers may not be successful in building, growing, or monetizing mobile and/or web applications that create, maintain and enhance user engagement. Additionally, developers may choose to build on other platforms, including mobile platforms controlled by third parties instead of ours. We are continuously seeking to balance the distribution objectives of our developers with our desire to provide an optimal user experience, and we may not be successful in achieving a balance that continues to attract and retain such developers. For example, from time to time, we have taken actions to reduce the volume of communications from these developers to users with the goal to enhance user experience. In some instances, these actions, as well as other actions to enforce our policies applicable to developers, have adversely affected our relationships with such developers. If we are not successful in our efforts to continue to grow the number of developers that choose to build products that integrate with our products or if we are unable to continue to build and maintain good relationships with such developers, our user growth and user engagement and our financial results may be adversely affected.

Increases in competition and market prices for professionally produced content may have an adverse impact on our financial condition and results of operations.

We have recently experienced significant fee increases from some of our content providers in the areas of video content and other premium content. Competition for quality content for online advertising is intense in China. Our competitors include well-capitalized companies, both private and newly listed companies, many of whom operate on a net-loss basis, as well as well-established companies that have user traffic greater than ours. If we are unable to secure a large portfolio of professionally produced quality content due to prohibitive cost, or if we are unable to manage our content acquisition costs effectively and generate sufficient revenues to outpace the increase in content spending, our user

traffic, financial condition and results of operations may be adversely affected.

Concerns about the security of transactions and communications on the internet may reduce our user traffic and impede our growth.

A significant barrier to transactions and communications over the internet in general has been a public concern over security and privacy, especially the transmission of confidential information. If these concerns are not adequately addressed, they may inhibit the growth of the internet and other online services generally, especially as a means of conducting commercial transactions. If a widely-publicized internet breach of security were to occur, general internet usage could decline, which could harm our brand, reduce our user traffic and adversely impact our growth and results of operations.

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Security breaches or computer virus attacks could have a material adverse effect on our business prospects and results of operations.

Any significant breach of security of our products could significantly harm our business, reputation and results of operations and could expose us to lawsuits brought by our users and partners and to sanctions by governmental authorities in the jurisdictions in which we operate. We have in the past experienced security breaches by third parties, including hacking into our user accounts and redirecting our user traffic to other websites, and we were able to rectify the security breaches without significant impact to our operations. However, we cannot assure you that our IT systems will be completely secure from future security breaches or computer virus attacks. Anyone who is able to circumvent our security measures could misappropriate proprietary information, including the personal information of our users, obtaining users' names and passwords and enabling the hackers to access users' other online accounts, if those users use identical user names and passwords. They could also misappropriate other information, including financial information, uploaded by our users in a secure environment, such as Weibo, Weibo Wallet, SINA email, WeiDisk and other applications requiring user log-in that were internally developed or developed by third parties for use on Weibo's open application platform. Functions that facilitate interactivity with other websites, such as our Weibo Connect, that allows users to log onto partner websites using their Weibo identity, could increase the scope of access of hackers to other user accounts. These circumventions may cause interruptions in our operations or damage our brand image and reputation. Our servers may be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could cause system interruptions, website slowdown or unavailability, delays in communication or transactions, or loss of data. We may be required to incur significant additional costs to protect against security breaches or to alleviate problems caused by such breaches. In addition, a significant security breach or virus attack on our system could result in a material adverse impact on our business and results of operations.

Spam could diminish the user experience on Weibo platform, which could damage our reputation and deter our current and potential users from using Weibo.

Spam on Weibo refers to a range of abusive activities that are prohibited by Weibo's terms of service and is generally defined as unsolicited actions that negatively impact other users with the general goal of drawing user attention to a given account, site, product or idea. This includes posting large numbers of unsolicited mentions of a user, duplicate feeds, misleading links (e.g., to malware or click-jacking pages) or other false or misleading content, and aggressively following and un-following accounts, adding users to lists, sending unsolicited invitations, reposting feeds and favoriting feeds to inappropriately attract attention. Weibo's terms of service also prohibit the creation of serial or bulk accounts, both manually or using automation, for disruptive or abusive purposes, such as to post spam or to artificially inflate the popularity of users seeking to promote themselves on Weibo. Although we continue to invest resources in reducing spam on Weibo, we expect spammers will continue to seek ways to act inappropriately on our platform. In addition, we expect that increases in the number of users on our platform will result in increased efforts by spammers to misuse our platform. We continuously combat spam, including by suspending or terminating accounts we believe to be spammers and launching algorithmic changes focused on curbing abusive activities. Weibo's actions to combat spam require the diversion of significant time and focus of Weibo's engineering team from improving Weibo products and services. If Weibo is unable to effectively manage and reduce spam on Weibo, Weibo's reputation for delivering relevant content could be damaged, user engagement could decline and Weibo's operational costs could increase.

We prioritize product innovation and user experience over short-term operating results, which may negatively affect our revenue and operating results.

We prioritize improving the user experience for our products and services and on developing new and improved products and services for the advertisers on our platform over short-term operating results. We frequently make product and service decisions that may reduce our short-term operating results if we believe that the decisions are consistent with our goals to improve the user experience and performance for advertisers, which we believe will improve our operating results over the long term. These decisions may not be consistent with the short-term expectations of investors and may not produce the long-term benefits that we expect, in which cause our user growth and user engagement, our

relationships with advertisers and our business and operating results could be harmed.

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We rely on assumptions and estimates to calculate certain of our key operating metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

The number of Weibo active users is calculated using internal company data that has not been independently verified. While this number is based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across Weibo's large user base of Chinese communities around the world. For example, there are a number of false or spam accounts in existence on Weibo. Although we continuously combat spam by suspending or terminating these accounts, our active user number may include a number of false or spam accounts and may not accurately represent the actual number of active accounts. We treat multiple accounts held by a single person or organization as multiple users for purposes of calculating our active users, because we permit people and organizations to have more than one account. Additionally, some accounts used by organizations are used by many people within the organization. As such, the calculations of Weibo active users may not accurately reflect the actual number of people or organizations using Weibo.

We regularly review and may adjust our processes for calculating Weibo internal metrics to improve their accuracy. Weibo's measures of user growth and user engagement may differ from estimates published by third parties or from similarly-titled metrics of our competitors due to differences in methodology. If advertisers, platform partners or investors do not perceive our user metrics to be accurate representations of our user base or user engagement, or if we discover material inaccuracies in Weibo's user metrics, our reputation may be harmed and advertisers and platform partners may be less willing to allocate their budgets or resources to Weibo, which could negatively affect our business and operating results.

The law of the internet remains largely unsettled, which subjects our business to legal uncertainties that could harm our business.

Due to the increasing popularity and use of the internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the internet or other online services covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. Furthermore, the growth and development of the market for e-commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies conducting business online. The adoption of additional laws or regulations may decrease the growth of the internet or other online services, which could, in turn, decrease the demand for our products and services and increase our cost of doing business.

In June 2017, the State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China issued a public notice stating that it had requested the local competent authorities to take measures to suspend several companies' video and audio services due to their lacking of an internet audio/video program transmission license and posting of certain commentary programs with content in violation of government regulations on their sites, and Weibo is named as one of these companies. In August 2017, Beijing Integrated Law Enforcement on the Cultural Market issued two Decisions on Administrative Penalty to Weimeng, each of which imposed a warning and a fine of RMB30,000 (\$4,425) on Weimeng on the grounds that during the period from February 2016 to August 2017, Weimeng carried on internet audio/video program services without obtaining the internet audio/video program transmission license and provided online broadcasting services for relevant programs posted by certain registered users of Weibo. We have cooperated with the relevant government authorities to take corrective measures. However, there can be no assurance that there will not be any further enforcement action, the occurrence of which may result in further liabilities, penalties and operational disruption.

Moreover, the applicability to the internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. For example, new tax regulations may subject us or our customers to additional sales and income taxes. Any new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the internet and other online services could significantly disrupt our operations or subject us to penalties.

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We may be subject to claims based on the content we provide over our websites and platforms and services sold on our websites and platforms, which, if successful, could cause us to pay significant damage awards.

As a publisher and distributor of content and a provider of services over the internet, we face potential liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials that we publish or distribute; the selection of listings that are accessible through our branded products and media properties, or through content and materials that may be posted by users in our classifieds, message boards, chat room services, social media, light blog, blog, online video and other areas on our websites; losses incurred in reliance on any erroneous information published by us, such as stock quotes, analyst estimates or other trading information; and unsolicited emails, lost or misdirected messages, illegal or fraudulent use of email or interruptions or delays in email service.

We may incur significant costs in investigating and defending any potential claims, even if they do not result in liability. Our insurance coverage is limited, and may not be able to cover potential claims of this type and may not be adequate to indemnify us against all potential liabilities.

We may be subject to litigation for user-generated content provided on our websites and platforms, which may be time-consuming to defend.

User-generated content, or UGC, has become an important source of content to draw traffic to our websites and platforms. Our UGC websites and platforms, including Weibo, light blog, blog, online video, audio streaming and photo gallery, are open to the public for posting. Although we have required our users to post only decent and unobtrusive materials and have set up screening procedures, our screening procedures may fail to screen out all potentially offensive or non-compliant UGC and, even if properly screened, a third party may still find UGC postings on our website offensive and take action against us in connection with the posting of such information. As with other companies who provide UGC on their websites, we have had to deal with such claims in the past and anticipate that such claims will increase as UGC becomes more popular in China. Any such claim, with or without merit, could be time-consuming and costly to defend, and may result in litigation and divert management's attention and resources.

Privacy concerns may prevent us from selling demographically targeted advertising in the future and make us less attractive to advertisers.

We collect personal data from our user base in order to better understand our users and their needs and to help our advertisers target specific demographic groups. If privacy concerns or regulatory restrictions prevent us from selling demographically targeted advertising, we may become less attractive to advertisers. For example, as part of our advertisement delivery system, we may integrate user information such as advertisement response rate, name, address, age or email address, with third-party databases to generate comprehensive demographic profiles for individual users. In Hong Kong, however, the Hong Kong Personal Data Ordinance provides that an internet company may not collect information about its users, analyze the information for a profile of the user's interests and sell or transmit the profiles to third parties for direct marketing purposes without the user's consent. If we are unable to construct demographic profiles of internet users because they refuse to give consent, we will be less attractive to advertisers and our business could suffer.

The laws and regulations governing the Fintech service industry are developing and evolving rapidly. If our online loan facilitation service business is deemed to violate any PRC laws or regulations, our business, financial condition and results of operations would be materially and adversely affected.

In July, 2017, we acquired a majority equity interest in Beijing Weiju Future Technology Co. Ltd, or Weiju, to launch our online loan facilitation business. Weiju generated revenue of \$20.3 million in the year of 2017. This new business is facing a rapidly evolving regulatory environment.

China has tightened regulation of Fintech services since mid-2015, the PRC government and relevant regulatory authorities have issued various laws and regulations governing the Fintech service. See [Item 4. Information on the Company](#) [B. Business Overview](#) [Government Regulation and Legal Uncertainties](#) [Classified Regulations](#) [Online loan facilitation service](#) for details of regulations in this industry.

For example, according to the Guidelines and the Interim Measures, intermediaries that provide online lending information services may not engage in certain activities, including, among others, (i) fund-raising for the online lending information intermediaries themselves, (ii) holding investors' fund or setting up capital pools with investors' fund, (iii) providing security or guarantee to investors as to principals and returns of investment, (iv) issuing or selling any wealth management products, (v) splitting terms of any financing project, (vi) securitization, (vii) promoting its financial products offline, and (viii) equity crowd-funding. The Interim Measures also require the intermediaries that provide online lending information services to (i) strengthen their risk management and enhance screening and verifying efforts on customers' and investors' information, (ii) register with local financial regulatory authorities, and (iii) obtain internet content provisions services, or ICP services, license. Considering these regulations and rules are relatively new and the regulations and regulations and rules in this regards continue to rapidly evolve, we are in the process of rectify Weiju's business practices to be in compliance with these regulations, including sourcing alternatives to our guarantee programs to lenders. Modifying Weiju business practices to conform to these regulations may be costly and time consuming, also might have a material negative effect on the results of operations and growth prospects of Weiju.

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To comply with existing laws, regulations, rules and governmental policies relating to the online loan facilitation service, including but not limited to the Guidelines on Information Disclosure of Business Activities of Online Lending Information Intermediaries, which were issued by the General Office of the China Banking Regulatory Commission, or CBRC in August 2017, we have implemented and will continue to implement various policies and procedures to conduct our loan facilitation business and operations. However, due to the lack of detailed rules and the fact that the relevant laws, regulations and rules are expected to continue to evolve, we cannot be certain that our existing practices would not be deemed to violate any existing or future rules, laws and regulations.

We currently guarantee repayment by borrowers in all loans facilitated by us. We may not be able to find alternative means of lender protection in time after such discontinuation may materially and adversely affect our online loan facilitation service business. Even if we successfully find alternative means of lender protection, we cannot assure you that the alternative arrangement could deliver the same level of assurance to lenders nor it would not cause adverse impact to the results of operations of our online loan facilitation service business.

The Notice on Regulating and Rectifying Cash Loan Business which was released in December 2017, prohibits online lending information intermediaries like Weiju from facilitating loans with no designated use of loan proceeds. Weiju's financial institution funding partners are also prohibited from providing loans with no designated use of loan proceeds under the relevant PRC laws and regulations. With respect to the loans that are facilitated through our service and are not borrowed to finance a particular customer purchases, our lenders now require borrowers to select in their loan applications one of the specified permissible uses of loan proceeds, such as cost of living. It is unclear, however, whether such personal loans would still be deemed as loans with no designated use of loan proceeds and thus be subject to the foregoing requirement of the Notice on Regulating and Rectifying Cash Loan Business. If such personal loans were deemed as loans with no designated use of loan proceeds, Weiju's financial institution lenders would also need to take necessary measures to track the actual use of loans and may require us to cooperate with them and upgrade our system, both of which could cause us to incur substantial additional expenses. If we were unable to effectively implement the foregoing or other rectification measures, we might need to reduce or even cease the funding and facilitation of such personal loans, which would cause material and adverse impact on our online loan facilitation service business.

We are unable to predict with certainty the impact, if any, that future legislation, judicial precedents or regulations relating to online loan facilitation service will have on our business, financial condition and results of operations. Furthermore, the growth in the popularity of Fintech services increases the likelihood that the PRC government will seek to further regulate this industry. If our practice is deemed to violate any existing or future laws and regulations, we may face injunctions, including orders to cease illegal activities, and may be subject to other penalties as determined by the relevant government authorities.

Our board members or executive officers may have conflicts of interest.

Two executive officers of our company, namely Mr. Charles Chao and Ms. Hong Du, are also directors of Weibo. In addition, Weibo may continue to grant share incentive compensation to our directors, officers, employees and consultants from time to time. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for Weibo and us. Should such conflicts of interest arise, we cannot assure you that our directors and officers will act in the best interest of our company.

In addition, an executive officer of our company is also the nominee shareholder of our VIEs and may have potential conflicts of interests arisen from her different roles. See Risks Related to Our Corporate Structure The shareholders of our VIEs may have potential conflicts of interest with us, which may adversely affect our business. We do not have any arrangements in place to address such potential conflicts.

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We may face certain risks related to financial products available on our Weibo wallet.

Weibo wallet enables users to purchase different types of products and services, including financial services and products offered by Weibo platform partners. Chinese government has tightened regulation of online financing services since mid-2015. It has issued numerous laws and regulations governing online financial service. For example, on April 3, 2018, the Internet Financing Risks Special Rectification Work Leading Group under the State Council issued the Notice on Strengthening the Rectification and Inspection of Asset Management Operations via the Internet. This notice requires any entity that issues and sells fund and asset management products via the internet to obtain an asset management business license or asset management product sales license issued by the central financial management department. Operators without such license will be held to have raised funds illegally, and even subject to criminal charges in serious instances. Under this notice, current operators found in violation of applicable requirements must cease all sales of financial products and terminate or otherwise wind-down all outstanding transactions before the end of June 2018. This notice further requires that Internet platforms not act as proxies for any kind of trading or sale of financial products of operators not holding the required licensing and approvals. If any of the financial products available on our Weibo wallet are found in violation of the relevant regulations and laws, Weibo may face warnings, fines, confiscation of illegal gains, license revocations and discontinuation of the relevant business, our business, financial condition and operating results could be adversely affected.

We have limited business insurance coverage.

The insurance industry in China is still developing and the business insurance products offered in China are limited. We have limited business liability or disruption insurance coverage for our operations. Any business disruption, litigation or natural disaster may cause us to incur substantial costs and divert our resources.

We face risks related to health epidemics and natural disasters.

Our business could be materially and adversely affected by natural disasters, health epidemics or other public safety concerns affecting the PRC. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platform. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. Our headquarters are located in Beijing, where most of our management and many employees currently reside. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Corporate Structure

In order to comply with PRC regulatory requirements, we operate our main businesses through companies with which we have contractual relationships but in which we do not have controlling ownership. If the PRC government determines that our agreements with these companies are not in compliance with applicable regulations, our business in the PRC could be adversely affected.

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The Chinese government restricts foreign investment in internet-related businesses, including internet access and distribution of content over the internet. Accordingly, we operate our internet-related businesses in China through several VIEs that are PRC domestic companies owned principally or completely by certain of our PRC employees or PRC employees of our directly-owned subsidiaries. We control these companies and operate these businesses through contractual arrangements with the respective companies and their individual owners, but we have no equity control over these companies. Such restrictions and arrangements also apply to some of the China-based companies we have acquired or in which we have invested.

We cannot be sure that the PRC government would view our contractual arrangements to be in compliance with PRC licensing, registration or other regulatory requirements, including the requirements under the MII Circular 2006, with existing policies or with requirements or policies that may be adopted in the future. On September 28, 2009, the General Administration of Press and Publication (GAPP, formerly the State Press and Publications Administration (SPPA)), the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications jointly published a notice prohibiting foreign investors from participating in the operation of online games via wholly owned, equity joint venture or cooperative joint venture investments in China, and from controlling and participating in such businesses directly or indirectly through contractual or technical support arrangements (Circular 13). It is not clear yet as to whether other PRC government authorities, such as the MOFCOM and the MIIT, will support GAPP to enforce the prohibition of the VIE model that Circular 13 contemplates.

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It is uncertain whether any new PRC laws, rules or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. In particular, in January 2015, the Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law for public review and comments. Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of actual control in determining whether a company is considered a foreign-invested enterprise. Under the draft Foreign Investment Law, variable interest entities would also be deemed as foreign-invested enterprises if they are ultimately controlled by foreign investors, and be subject to restrictions on foreign investments. However, the draft law has not taken a position on what actions will be taken with respect to the existing companies with the variable interest entity structure, whether or not these companies are controlled by Chinese parties. It is uncertain when the draft would be signed into law and whether the final version would have any substantial changes from the draft. See *Risks Related to Doing Business in China* Substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of draft PRC Foreign Investment Law published for public comments and how it may impact the viability of our current corporate structure, corporate governance and business operations.

If we are deemed to be in violation of any existing laws or regulations, the PRC government could levy fines, revoke our business and operating licenses, require us to discontinue or restrict our operations, restrict our ability to collect payments, block our website, require us to restructure our business, corporate structure or operations, impose restrictions on our business operations or on our customers, impose additional conditions or requirements with which we may not be able to comply, or take other regulatory or enforcement actions against us. The imposition of any of these penalties could result in a material and adverse effect on our ability to conduct our business and on our results of operations. If any of these penalties results in our inability to direct the activities of our VIEs that most significantly impact their economic performance, and/or our failure to receive the economic benefits from our VIEs, we may not be able to consolidate the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

We may also encounter difficulties in obtaining performance under or enforcement of related contracts. For example, as part of the contractual arrangements described above, our relevant subsidiaries and the nominee shareholders of the VIEs entered into equity pledge agreements pursuant to which the nominee shareholders of the VIEs pledged their respective equity interests in the VIEs to our respective subsidiaries. We believe that the equity pledge agreements between our subsidiaries and the shareholders of the relevant VIEs as contracts between the parties thereto became effective and valid on the date when the agreements were duly executed. Therefore, lack of registration does not limit the ability of our subsidiaries to enforce their contractual rights against the equity holders of the VIEs under the equity pledge agreements, such as the rights to ask the equity holders to register the equity pledge and demand the equity holders to transfer the equity interests being pledged in the event of default under contracts secured by the equity pledge. However, according to the PRC Property Rights Law, such pledges can only be perfected upon their registration with the relevant local office of the Administration for Industry and Commerce. Before a successful registration of the equity pledges, we cannot assure you that our subsidiaries' interests as pledgee will prevail over those of third parties who acquired the equities in the VIEs in good faith. As of the date of this annual report, we have registered the equity pledge on the shares of all our significant VIEs, except for Beijing Sina Internet Information Service Co., Ltd., or the ICP Company, Beijing Star-Village Online Cultural Development Co., Ltd., or Star VI, and Beijing Weimeng Technology Co., Ltd, or Weimeng in which cases registrations of certain equity pledges are still in the process.

We rely on contractual arrangements with our VIEs for our China operations, which may not be as effective in providing control over these entities as direct ownership. Any failure by our VIEs or their respective shareholders to perform their obligations under the contractual arrangements could have a material adverse effect on our business and financial condition.

Because PRC regulations restrict our ability to provide internet content directly in China, we are dependent on our VIEs, in which we have little or no equity ownership interest, and must rely on contractual arrangements to control and operate the businesses and assets held by our VIEs, such as the Internet Content Provision License, the Value-Added Telecommunication Services Operating License, the Payment Service License, the Online Culture Operating Permit and certain trademarks, patents, copy rights and domain names. These contractual arrangements may not be as effective in providing control over these entities as direct ownership. If our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements of which they are a party,

we may have to incur substantial costs and resources to enforce our rights under the contracts, and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. In addition, we cannot be certain that the individual equity owners of the VIEs will always act in the best interests of our company, especially after they have left our company. For example, if the shareholders of our VIEs were to refuse to transfer their equity interests in our consolidated affiliated entities to us or our designee when we exercise the option to purchase their equity interests pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their respective contractual obligations.

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All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our affiliated entities, and our ability to conduct our business may be negatively affected.

Substantially all economic benefits generated from our VIEs are paid to our subsidiaries in China through related party transactions under contractual agreements. We believe that the terms of these contractual agreements are in compliance with the laws in China. Due to the uncertainties surrounding the interpretation of the transfer pricing rules relating to related party transactions in China, it is possible that in the future tax authorities in China may challenge the prices that we have used for related party transactions among our entities in China. In that case, we may be forced to restructure our business operation, which could have a material adverse effect on our business.

If the chops of our subsidiaries in China and VIEs are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of those entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to have a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory chop, companies may have several other chops which can be used for specific purposes. The chops of our subsidiaries in China and VIEs are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. In addition, if the holders of such chops at our VIEs failed to employ them in accordance with the terms of the various VIE-related agreements or removed them from the premises, the operation of the VIEs could be significantly and adversely impacted.

The shareholders of our VIEs may have potential conflicts of interest with us, which may adversely affect our business. We do not have any arrangements in place to address such potential conflicts.

We have designated individuals who are PRC citizens to be nominee shareholders of our VIEs in China. Among all shareholders of our VIEs, Ms. Hong Du currently serves as our president and chief operating officer and Mr. Gaofei Wang currently serves as the chief executive officer of Weibo. None of the VIEs' shareholders beneficially owns more than one percent of the total outstanding ordinary shares of our company.

Although the VIEs' shareholders are contractually obligated to act in good faith and in our best interest, we cannot assure you that when conflicts of interest arise, any or all of these individuals will act in the best interest of our company. If these individuals were to act in bad faith towards us, they may breach, cause our VIEs to breach or refuse to renew the existing contractual arrangements with us. Currently, we do not have any arrangements to address such potential conflicts of interest between these individuals and our company, except that we could exercise our transfer option under the share transfer agreements with the relevant individual nominee shareholder to request him/her to transfer all of his/her equity ownership in the relevant VIE to a PRC entity or individual designated by us.

In addition, we also rely on those VIEs' shareholders, who are also officers of our company or our subsidiaries, to discharge their fiduciary duties owed to our company or our subsidiaries. Such fiduciary duties require officers to act in good faith and in the best interest of the company and not to use their positions for personal gains. There are, however, no specific provisions under the Cayman Islands or PRC law on how to address potential conflicts of interest. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIEs, we would have to rely on legal proceedings, which could distract management's attention and subject us to substantial uncertainty as to the outcome of any such legal proceedings. As there remain significant uncertainties regarding the ultimate outcome of a legal action due to the limited number of precedents and lack of official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law, we cannot assure you that conflicts will be resolved in our favor. If we are unable to resolve any such conflicts, or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and financial condition.

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The Chinese legal system has inherent uncertainties that could limit the legal protections available to you.

Our contractual arrangements with our VIEs in China are governed by the laws of the PRC. China's legal system is based upon written statutes. Unlike the common law system, prior court decisions may be cited for reference but are not binding on subsequent cases and have limited value as precedents. Since 1979, the PRC legislative bodies have promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

Anti-takeover provisions in our charter documents and our shareholder rights plan may discourage our acquisition by a third party, which could limit our shareholders' opportunity to sell their shares at a premium.

Our Amended and Restated Memorandum and Articles of Association include provisions that could limit the ability of others to acquire control of us, modify our structure or cause us to engage in change in control transactions. These provisions could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of us in a tender offer or from otherwise engaging in a merger or similar transaction with us.

For example, our board of directors has the authority, without further action by our shareholders, to issue up to 3,750,000 preference shares in one or more series and to fix the powers and rights of these shares, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preference shares could thus be issued quickly with terms calculated to delay or prevent a change in control or make removal of management more difficult. In addition, if the board of directors issues preference shares, the market price of our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares may be adversely affected. Similarly, the board of directors may approve the issuance of debentures convertible into voting shares, which may limit the ability of others to acquire control of us.

In addition, we have adopted and renewed a shareholder rights plan pursuant to which our existing shareholders would have the right to purchase ordinary shares from us at a substantial discount from those securities' fair market value in the event a person or group acquires more than 10% of our outstanding ordinary shares on terms our board of directors does not approve. As a result, such rights could cause substantial dilution to the holdings of the person or group which acquires more than 10%. Accordingly, the shareholder rights plan may inhibit a change in control or acquisition and could adversely affect a shareholder's ability to realize a premium over the then prevailing market price for our ordinary shares in connection with such a transaction.

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Risks Related to Doing Business in China

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of internet business and companies, including limitations on our ability to own key assets, such as our websites and mobile applications.

The PRC government heavily regulates the internet sector, including the legality of foreign investment in this sector, the existence and enforcement of content restrictions on the internet and the licensing and permit requirements for companies in the internet industry. Because some of the laws, regulations and legal requirements with regard to the internet sector are relatively new and evolving, their interpretation and enforcement involve significant uncertainties. In addition, the PRC legal system is based on written statutes and prior court decisions have limited precedential value. As a result, in many cases it is difficult to determine what actions or omissions may result in liability. Issues, risks and uncertainties relating to the PRC government's regulation of the Chinese internet sector include the following:

- We only have contractual control over our websites www.sina.com.cn and www.weibo.com in China as well as mobile applications related to these websites. We do not own them due to the restriction of foreign investment in businesses providing value-added telecommunication services.
- Uncertainties relating to the regulation of the internet industry in China, including evolving licensing practices, give rise to the risk that permits, licenses or operations at some of our companies may be subject to challenge, which may be disruptive to our business, or subject us to sanctions, requirements to increase capital or other conditions or enforcement, compromise enforceability of related contractual arrangements, or have other harmful effects on us.
- The numerous and often vague restrictions on acceptable content in China subject us to potential civil and criminal liabilities, temporary blockage of our websites or complete shutdown of our websites. For example, the amended Law on Preservation of State Secrets which became effective on October 1, 2010 provides that whenever an internet service provider detects any leak of state secrets in the distribution of online information, it should stop the distribution of such information and report to the state secrecy and public security authorities. Failure to do so on a timely and adequate basis may subject us to liabilities and penalties and may even result in the temporary blockage or complete shutdown of our website. In addition, the Judicial Interpretation on the Application of Law in Trial of Online Defamation and Other Online Crimes jointly promulgated by the PRC Supreme People's Court and Supreme People's Procuratorate, which became effective on September 10, 2013, imposes up to three-year prison on internet users who fabricate or knowingly share defamatory false information online, which leads to serious consequence. The implementation of this newly promulgated judicial interpretation may have a significant and adverse effect on the traffic of our websites, particularly those with user generated contents, and in turn may impact the results of our operations and ultimately the valuation of our stock.

- Because the definition and interpretation of prohibited content are in many cases vague and subjective, it is not always possible to determine or predict what content might be prohibited under existing restrictions or restrictions that might be imposed in the future or how such restrictions will apply. The General Administration of Press and Publication, Radio, Film and Television (the GAPPRFT, formerly known as the State Administration of Radio, Film and Television, or SARFT) or other Chinese governmental authorities may prohibit the distribution of certain contents over our media channels, which could also have a material adverse effect on our results of operations.

- New laws and regulations may be promulgated to regulate internet activities, including, without limitation, online advertising, online news reporting, online publishing, online education, online gaming, online transmission of audio-visual programs, online health diagnosis and treatment, and the provision of industry-specific information over the internet. If these new laws and regulations are promulgated, additional licenses may be required for our operations. If our operations do not comply with these new regulations when they become effective, or if we fail to obtain any licenses required under these new laws and regulations, we could be subject to penalties. Our operations may not be consistent with these new regulations when they are put into effect. As a result, we could be subject to severe penalties, which could have a material adverse effect on our financial position, results of operations and cash flows.

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- In 2013, the GAPPRFT released a Supplemental Notice on Improving the Administration of Online Audio/Video Content Including Internet Dramas and Micro Films, which requires that (i) all the internet content, such as internet dramas and micro films, must obtain a permit for radio and television program production and operation, (ii) online audio/video service providers transmitting internet dramas or micro films produced and uploaded by individual users will be deemed responsible as producers for such content, (iii) under this notice, online audio/video service providers may only transmit content uploaded by individuals whose identity has been verified and which content complies with the relevant content management rules and (iv) online audio/video content, include internet dramas and micro films, must be filed with the relevant authorities before release. This supplementary notice is relatively new, and thus far no relevant implementation rules or interpretations have been issued. On February 27, 2016, the GAPPRFT clarified that online series should be held to the same standards as those aired on TV and it will issue new rules on online series. It remains unclear what, if any, potential liabilities our ICP Company could face in respect of the online audio/video content available on our website. See also **We may not be able to continue offering online video services if we cannot find business partners with the required licenses.**

The interpretation and application of existing Chinese laws, regulations and policies, the stated positions of relevant PRC authorities and possible new laws, regulations or policies have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, internet businesses in China, including our business.

We may not be able to continue offering online video services if we cannot find business partners with the required licenses.

Our Internet Publication License and License for Online Transmission of Audio-Visual Programs were revoked by State Administration of Press, Publication, Radio, Film and Television in 2014 for violations related to the distribution of certain literary and video content on the reading channel that we then operated and our video sharing service channel, video.sina.com.cn. We disposed of the majority equity interests in our online reading business in 2016, but are still operating the video sharing service channel. We may have to cease the video services or find business partners with the proper licenses to offer such services through cooperation arrangements. Our online game services may also be affected as the Internet Publication License governs the application for standard publication codes for the publishing of self-developed games. There is no assurance that we will be able to find suitable third parties under commercially reasonable terms to continue these services, and even if we do enter into such cooperation arrangements to continue the services, the arrangements will increase our operational costs for delivering these services. In addition, the revocation of the relevant licenses may harm our ability to obtain licenses and permits or similar permits in the near future and harm our reputation, which may have a material adverse impact on our ability to attract business partners and customers and on our revenues and results of operations.

We are required to, but have not been able to, verified the identities of all of our users who post on Weibo, and our noncompliance exposes us to potentially severe penalty by the Chinese government.

On December 16, 2011, the Beijing Municipal Government issued the Rules on the Administration of Microblog Development, or the Microblog Rules, which became effective on the same day. Under the Microblog Rules, users who post publicly on microblogs are required to disclose their real identity information to the microblogging service provider and may still use pen names to reflect their account names on the front end. Microblogging service providers are required to verify the identities of their users. In addition, microblogging service providers based in Beijing are required to verify the identities of all of their users by March 16, 2012, including existing users who post publicly on their websites. Several additional regulations, including the Cyber Security Law, the Administrative Measures on Group Chat Service, and the Administrative Measures

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on Internet User Public Account Information Service, also requires verification of users identify when they sign up.

The user identity verification requirements have deterred new users from completing their registrations on Weibo, and a significant portion of registrations with user identity information provided were rejected because they do not match the Chinese government database.

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We have made significant efforts to comply with the verification requirements. However, for reasons including existing user behaviors, the nature of the microblogging product and the lack of clarity on specific implementation procedures, we have not been able to verify the identities of all of the users who post content publicly on Weibo. We are potentially liable for our noncompliance and may be subject to penalties including the deactivation of certain features on Weibo, a written warning, suspension or termination of Weibo operations, fines, revocation of licenses or business license, or other penalties imposed by the Chinese government. Any of the above actions may have a material and adverse impact on our share price.

The Chinese government may prevent us from advertising or distributing content that it believes is inappropriate and we may be liable for such content or we may have to stop profiting from such content.

The Chinese government has enacted regulations governing internet access and the distribution of news and other information. In the past, the Chinese government has stopped the distribution of information over the internet that it believes to violate Chinese law, including content that it believes is obscene, incites violence, endangers national security, is contrary to the national interest or is defamatory. In addition, we may not publish certain news items, such as news relating to national security, without permission from the Chinese government. Furthermore, the Ministry of Public Security has the authority to cause any local internet service provider to block any websites maintained outside China at its sole discretion. Even if we are in compliance with PRC governmental regulations relating to licensing and foreign investment prohibitions, if the Chinese government were to take any action to limit or prohibit the distribution of information through our network or over the other platforms we use, or to limit or regulate any current or future content or services available to users on our network, our business could be significantly harmed.

Because the definition and interpretation of prohibited content is in many cases vague and subjective, it is not always possible to determine or predict what content might be prohibited under existing restrictions or restrictions that might be imposed in the future or how such restrictions will apply. In April 2015, the State Internet Information Office, which regulates the dissemination of information over internet, informed us of its concerns about the spread of illegal information in our portal website sina.com.cn related to rumors, violence, terrorism, advocating of heresies and distorted news facts. We were further informed that Cyberspace Administration of China might impose punishment including fine, suspension of our internet news service and even shutdown of our portal website unless we improved censorship and control over contents in our websites. Since the standard of illegal information is far from clear, there is no assurance that our efforts to improve the censorship and control will be satisfactory to the State Internet Information Office, and we will be subject to the penalties listed above if the State Internet Information Office finds our improvement not sufficient. We are not sure whether the Chinese government will find our other online content inappropriate and therefore prevent us from monetizing the contents in our SINA portal and Weibo in the future. If they prevent us from offering such services, our profit will suffer.

In addition, the MIIT has published regulations that subject website operators to potential liability for content displayed on their websites and for the actions of users and others using their systems, including liability for violations of PRC laws prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider to block any internet website at its sole discretion. From time to time, the Ministry of Public Security has stopped the dissemination over the internet of information which it believes to be socially destabilizing. The State Administration for the Protection of State Secrets is also authorized to block any website it deems to be leaking state secrets or failing to meet the relevant regulations relating to the protection of state secrets in the dissemination of online information.

Cyberspace Administration of China, or CAC, which was set up in May 2011 to supervise internet content management nationwide, has also promulgated regulations and taken a number of other measures to regulate and monitor online content. CAC has published a series of regulations on internet contents recently. These regulations include the Regulations on Administration of Internet News Information Service and the Regulations on Administrative Enforcement Procedures for Internet Information Content; the Administrative Measures on Internet Forum

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Community Service and the Administrative Measures on Internet Comment; the Administrative Measures on Group Chat Service and the Administrative Measures on Internet User Public Account Information Service.

We are also subject to potential liability for user generated content on our websites that is deemed inappropriate or unlawful. Although we attempt to monitor the user generated content on our online properties including Weibo, we may not always be able to effectively control or restrict the content generated or placed by our users. On March 31, 2012, we had to disable the comment feature of Weibo for three days to clean up Weibo postings related to certain rumors. The Chinese government may choose to tighten its internet censorship. If the Chinese government decides to restrict the dissemination of information via microblogging services or online postings in general, Weibo and our other online products could be impaired or even ordered to shut down, which may adversely impact our website traffic, our ability to monetize our services and our brand equity. To the extent that PRC regulatory authorities find any content displayed on our platform objectionable, they may require us to limit or eliminate the dissemination of such information on our platform. Failure to do so, or to prevent such content from being transmitted, may subject us to liabilities and penalties and may even result in the temporary blockage or complete shutdown of our online operations. In this respect, since the Cybersecurity Law came into effect, we have been subject to several Decisions on Administrative Penalties as well as a Rectification Notice issued to Weimeng due to information transmitted in our platform. In all cases, we have cooperated with the relevant government authorities to take corrective measures.

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Furthermore, we may be required to delete content that violates Chinese law and report content that we suspect may violate Chinese law. It is difficult to determine the type of content that may result in liability for us, and if we are wrong, we may be prevented from operating our websites, which may adversely impact our website traffic, brand and financial condition and results of operations.

Substantial uncertainties exist with respect to the interpretation and implementation of Cyber Security Law as well as any impact it may have on our business operations.

On July 1, 2015, the Standing Committee of the National People's Congress issued the National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of China.

On November 7, 2016, the Standing Committee of the National People's Congress issued the Cyber Security Law, which came into effect on June 1, 2017. This is the first Chinese law that focuses exclusively on cyber security. The Cyber Security Law provides that network operators must set up internal security management systems that meet the requirements of classified protection systems for cyber security, including appointing dedicated cyber security personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cyber security incidents, and taking data security measures such as data classification, backups and encryption. The Cyber Security Law also imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. In addition, the Cyber Security Law requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up.

The Cyber Security Law sets high requirements for the operational security of facilities that are deemed to be part of the PRC's critical information infrastructure. These requirements include data localization, i.e., storing personal information and important business data in China, and national security review requirements for any network products or services that may have an impact on national security. Among other factors, critical information infrastructure is defined as critical information infrastructure, that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, the national economy and people's livelihood, or the public interest. Specific reference is made to key sectors such as public communication and information services, energy, transportation, water-resources, finance, public service and e-government. However, no official guidelines as to the scope of critical information infrastructure have been formally issued.

We do not believe that we are an operator of critical information infrastructure as defined in the Cyber Security Law. However, there is no assurance that we will not be considered an operator of critical information infrastructure in the future as the definition is not precise, and there are substantial uncertainties as to the ultimate interpretation and implementation of the Cyber Security Law.

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Substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of draft PRC Foreign Investment Law published for public comments and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Ministry of Commerce solicited comments on this draft in 2015, however, no timetable as to when it will be enacted. As such, substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of actual control in determining whether a company is considered a foreign-invested enterprise. The draft Foreign Investment Law specifically provides that entities established in China but controlled by foreign investors will be treated as foreign-invested enterprises, whereas an entity established in China by an investor from a foreign jurisdiction would nonetheless be, upon market entry clearance by the Ministry of Commerce, treated as a PRC domestic investor in a restricted industry as indicated in the negative list, provided that the entity is controlled by PRC entities and/or citizens. In this connection, control is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% or more of the shares, voting rights or other similar rights of the subject entity; (ii) holding less than 50% of the shares, voting rights or other similar rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. Once an entity is determined to be a foreign-invested enterprise, it will be subject to the foreign investment restrictions or prohibitions set forth in a negative list, to be separately issued by the State Council at a later date. Unless the underlying business of the foreign-invested enterprise falls within the negative list, which calls for market entry clearance by the Ministry of Commerce, prior approval from the government authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the foreign-invested enterprise.

The variable interest entity structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See Item 3 Key Information D. Risk Factors Risks Related to Our Corporate Structure and Item 4. Information on the Company C. Organizational Structure Contractual Arrangements with VIEs and Their Respective Shareholders. Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangement would also be deemed as foreign-invested enterprises, if they are ultimately controlled by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is included in the negative list as restricted industry, the VIE structure may be deemed legitimate if the ultimate controlling person(s) is/are of PRC nationality (either PRC companies or PRC citizens) or the foreign investment obtains market entry clearance from the Ministry of Commerce. Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as foreign-invested enterprises and any operation in the industry category on the negative list without market entry clearance may be considered as illegal. There are uncertainties as to whether the Foreign Investment Law, once it is enacted, will have retrospective effect on existing VIE structures such as ours, or will grant real and full grandfathering and grace periods for such existing VIE structures.

It is not clear whether we would be considered as ultimately controlled by Chinese parties, as our record shareholders in the U.S. hold approximately 88.8% of our total outstanding shares while 44.4% of our total voting power as of March 31, 2018. The draft Foreign Investment Law has not taken a position on what actions will be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties, while it is soliciting comments from the public on this point. In addition, it is uncertain whether the online industries of lottery, insurance and other virtual products, in which our variable interest entities operate, will be subject to the foreign investment restrictions or prohibitions set forth in the negative list that is to be issued. If the enacted version of the Foreign Investment Law and

the final negative list mandate further actions, such as market entry clearance or certain restructuring of our corporate structure and operations, to be completed by companies with existing VIE structure like us, there may be substantial uncertainties as to whether we can complete these actions in a timely manner, or at all, and our business and financial condition may be materially and adversely affected.

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The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable foreign-invested enterprises. Aside from an investment implementation report and an investment amendment report that are required for each investment and alteration of investment specifics, an annual report is mandatory, and large foreign-invested enterprises meeting certain criteria are required to report on a quarterly basis. Also, the Ministry of Commerce may supervise and examine foreign investors and foreign invested enterprises, or FIEs, regularly or irregularly on their compliance with the Foreign Investment Law. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Changes in political and economic conditions in Greater China and the rest of the Asia may disrupt our operations if the changes result in unfavorable political and economic conditions to our business.

We expect to continue to derive a substantial percentage of our revenues from the Greater China market. Changes in political or economic conditions in the region are difficult to predict and could adversely affect our operations or cause the Greater China market to become less attractive to advertisers, which could reduce our revenues. We maintain a strong local identity and presence in each of the regions in the Greater China market and we cannot be sure that we will be able to effectively maintain this local identity if political conditions were to change. Economic reforms in the region could also affect our business in ways that are difficult to predict. For example, since the late 1970s, the PRC government has been reforming the Chinese economic system to emphasize enterprise autonomy and the utilization of market mechanisms. Although we believe that these reform measures have had a positive effect on the economic development in China, we cannot be sure that they will continue to be effective and benefit our business.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. The web traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at internet data centers in large cities such as Beijing are scarce. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our websites. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage. If we were unable to increase our online content and service delivering capacity accordingly, we may not be able to continuously grow our website traffic and the adoption of our products and services may be hindered, which could adversely impact our business and our share price.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the internet and thus cause the growth of internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base and increase our attractiveness to online advertisers.

Our significant amount of deposits in certain banks in China may be at risk if these banks go bankrupt or otherwise do not have the liquidity to pay us during our deposit period.

As of December 31, 2017, we had approximately \$3.0 billion in cash and bank deposits, such as time deposits with large domestic banks in China. The remaining cash, cash equivalents and short-term investments were held by financial institutions in Hong Kong, Taiwan, Singapore and the United States. The terms of these deposits are, in general, up to twelve months. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law in August 2006, which came into effect on June 1, 2007 and contains a separate article expressly stating that the State Council may promulgate implementation measures for the bankruptcy of Chinese banks based on the Bankruptcy Law. Under the new Bankruptcy Law, a Chinese bank may go bankrupt. In addition, since China's accession to the World Trade Organization (WTO), foreign banks have been gradually permitted to operate in China and have been strong competitors against Chinese banks in many aspects, especially since the opening of RMB business to foreign banks in late 2006. Therefore, the risk of bankruptcy or illiquidity of those Chinese banks in which we have deposits has increased. In the event of bankruptcy or illiquidity of any one of the banks which holds our deposits, we are unlikely to claim our deposits back in full since we are unlikely to be classified as a secured creditor based on PRC laws.

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On May 1, 2015, China's new Deposit Insurance Regulation came into effect, pursuant to which banking financial institutions, such as commercial banks, established in China are required to purchase deposit insurance for deposits in RMB and in foreign currency. Under this regulation, depositors will be fully indemnified for their deposits and interests in an aggregate amount up to a limit of RMB500,000. Deposits or interests over such limit will only be covered by the bank's liquidation assets. Therefore, although this requirement to purchase deposit insurance may help, to a certain extent, prevent Chinese banks from going bankrupt, it would not be effective in providing effective protection for our accounts, as our aggregate deposits are much higher than the compensation limit.

Discontinuation of preferential tax treatment, changes to the interpretation or enforcement of tax regulations or imposition of any additional taxes could adversely affect our financial condition and results of operations.

The Enterprise Income Tax Law and its implementing rules have adopted a uniform statutory enterprise income tax rate of 25% to all enterprises in China. The Enterprise Income Tax Law and its implementing rules also permit qualified software enterprises to enjoy a two-year income tax exemption starting from the first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years. Weibo Internet Technology (China) Co., Ltd., or Weibo Technology, qualified as a software enterprise, is entitled to an exemption from the enterprise income tax for two years beginning 2015 and a reduced tax rate of 12.5% for the subsequent three years. The qualification as a software enterprise is subject to annual evaluation by the relevant authorities in China. If Weibo Technology fails to maintain its software enterprise qualification, its applicable corporate income tax rate would increase to 25%, which could have an adverse effect on our financial condition and results of operations.

Due to our operation and tax structures in China, our PRC subsidiaries have entered into technical and other service agreements with our VIEs. The Enterprise Income Tax Law and its implementing rules emphasize the arm's length basis for transactions between related entities. If PRC tax authorities were to determine that our transfer pricing structure was not on an arm's length basis and therefore constitutes a favorable transfer pricing, they could request our VIEs to adjust their taxable income upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by increasing our VIEs' tax expenses, which could subject our VIEs to late payment fees and other penalties for underpayment of taxes, and/or could result in the loss of tax benefits available to our subsidiaries in China.

The Enterprise Income Tax Law treats a foreign enterprise whose de facto management body is located in China as a resident enterprise for PRC tax purposes and subjects such enterprise to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the Enterprise Income Tax Law merely define the location of the de facto management body as the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located. Based on a review of surrounding facts and circumstances, we do not believe that our operations outside the PRC are likely to be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the Enterprise Income Tax Law, if we are treated as a resident enterprise for PRC tax purposes, we will be subject to PRC tax on worldwide income at a uniform tax rate of 25%.

Further, as tax laws, regulations and policies are continuously evolving, the interpretation and enforcement of these laws and regulations involves uncertainties. PRC tax authorities have significant discretion in interpreting and implementing statutory and contractual terms related to tax filings. Certain tax policies and internal rules are not published on a timely basis or at all, and may have a retroactive effect. As such, we may not always be able to record our income tax fully in consistency with the requirements of the tax authorities. Tax authorities in China have the power and authority to initiate tax audits against any company to check its income tax filings from time to time. If the relevant tax authorities believe that there are deficiencies as to our tax filings and initiate a tax audit against us, this could result in substantial costs and diversion of our resources, sanctions, including payment of delinquent taxes and fines, and could adversely affect our financial condition and results of operations.

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Dividends payable to us by our PRC subsidiaries may be subject to PRC withholding taxes and interest payments on the notes, dividends distributed to our non-PRC investors and gains realized by our non-PRC noteholders and shareholders from the transfer of our notes or shares may be subject to PRC withholding taxes under the EIT Law.

The EIT Law imposes a 10% withholding income tax on dividends generated on or after January 1, 2008 and distributed by a resident enterprise to its foreign investors, if such foreign investors are considered as non-resident enterprises without any establishment or place of business within China or if the received dividends have no connection with such foreign investors' establishment or place of business within China, unless such foreign investors' jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where we are incorporated, does not have such tax treaty with China. According to the Arrangement between Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income in August 2006, dividends paid by an FIE to its foreign investors in Hong Kong will be subject to withholding tax at a preferential rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation further promulgated a circular, or Circular 601, on October 27, 2009, which provides that tax treaty benefits will be denied to conduit or shell companies without business substance and that a beneficial ownership analysis will be used based on a substance-over-form principle to determine whether or not to grant the tax treaty benefits. A majority of our subsidiaries in China are directly invested in and held by Hong Kong registered entities. If we are regarded as a non-resident enterprise and our Hong Kong entities are regarded as resident enterprises, then our Hong Kong entities may be required to pay a 10% withholding tax on any dividends payable to us. If our Hong Kong entities are regarded as non-resident enterprises, then our subsidiaries in China will be required to pay a 5% withholding tax for any dividends payable to our Hong Kong entities provided that specific conditions are met. However, it is still unclear at this stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to our Hong Kong subsidiaries and if our Hong Kong subsidiaries were not considered as beneficial owners of any dividends from their PRC subsidiaries, the dividends payable to our Hong Kong subsidiaries would be subject to withholding tax at a rate of 10%. In either case, the amount of funds available to us, including the payment of dividends to our shareholders, could be materially reduced. In addition, because there remains uncertainty regarding the concept of the place of de facto management body, if we are regarded as a resident enterprise, under the EIT Law, interest payments on the notes and any dividends to be distributed by us to our non-PRC shareholders will be subject to PRC withholding tax. We also cannot guarantee that any gains realized by such non-PRC noteholders or shareholders from the transfer of our notes or shares will not be subject to PRC withholding tax. If we are required under the EIT Law to withhold PRC income tax on interest payments on the notes payable to our non-PRC noteholders, our dividends payable to our non-PRC shareholders or any gains realized by our non-PRC noteholders and shareholders from transfer of our notes or shares, their investment in our notes or shares may be materially and adversely affected. The current policy approved by our board of directors allows us to distribute PRC earnings offshore only if we do not have to pay a dividend tax. Such policy may require us to reinvest all earnings made since 2008 onshore indefinitely or be subject to a significant withholding tax should our policy change to allow for earnings distribution offshore.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

The State Administration of Taxation has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Certain Corporate Income Tax Matters Related to Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015 and amended in 2017, or SAT Circular 7. Pursuant to these rules and notices, except for a few circumstances falling into the scope of the safe harbor provided by SAT Circular 7, such as open market trading of stocks in public companies listed overseas, if a non-PRC resident enterprise indirectly transfers PRC taxable properties (i.e. properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise) by disposing of equity interest or other similar rights in an overseas holding company, without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose, such as whether the main value of equity interest in an overseas holding company is derived directly or indirectly from PRC taxable properties. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law without considering other factors set out by SAT Circular 7: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived

directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. SAT Circular 7 also introduces an interest regime by providing that where a transferor fails to file and pay tax on time, and where a withholding agent fails to withhold the tax, interest will be charged on a daily basis. If the transferor has provided the required documents and information or has filed and paid the tax within 30 days from the date that the share transfer contract or agreement is signed, then interest shall be calculated based on the benchmark interest rate; otherwise, the benchmark interest rate plus 5% will apply. Both the foreign transferor and the transferee, and the PRC tax resident enterprise whose equity interests are being transferred may voluntarily report the transfer by submitting the documents required in SAT Circular 7.

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Although SAT Circular 7 provides clarity in many important areas, such as reasonable commercial purpose, there are still uncertainties on the tax reporting and payment obligations with respect to future private equity financing transactions, share exchange or other transactions involving the transfer of shares in non-PRC resident companies. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations.

We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. For example, in June 2015, according to communication with local tax authority in China, our sale of shares in Weibo during its initial public offering was categorized as an indirect transfer of taxable assets in China, and as such our capital gain from this transaction is subject to PRC withholding tax at rate of 10%. We have paid such tax in full in 2015. In the future, we may conduct acquisitions or disposals of properties that may involve complex corporate structures. If the PRC tax authorities make adjustments to the taxable income of these transactions under SAT Circular 7, our income tax expenses associated with such potential transactions may be increased, which may have a material adverse effect on our financial condition and results of operations. PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds from the offerings of any securities to make loans or additional capital contributions to our PRC operating subsidiaries.

As an offshore holding company, our ability to make loans or additional capital contributions to our PRC operating subsidiaries is subject to PRC regulations and approvals. These regulations and approvals may delay or prevent us from using the proceeds we received in the past or will receive in the future from the offerings of securities to make loans or additional capital contributions to our PRC operating subsidiaries, and impair our ability to fund and expand our business which may adversely affect our business, financial condition and result of operations.

SAFE promulgated a circular on November 19, 2010, or Circular No. 59, which tightens the examination on the authenticity of settlement of net proceeds from an offering and requires that the settlement of net proceeds shall be in accordance with the description in its prospectus. On March 30, 2015, SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. Pursuant to SAFE Circular 19, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or choose to follow the conversion-at-will system for foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will system for foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its Renminbi registered capital converted from foreign currencies. According to SAFE Circular 19, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and the SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiaries are still not allowed to extend intercompany loans to our PRC consolidated entities. In addition, as SAFE Circular 19 was promulgated recently, there remains substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

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In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or VIEs or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our equity offerings and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Restrictions on paying dividends or making other payments to us bind our subsidiaries and VIEs in China.

We are a holding company and do not have any assets or conduct any business operations in China other than our investments in our subsidiaries in China and our VIEs. As a result, if our non-China operations require cash from China, we would depend on dividend payments from our subsidiaries in China after they receive payments from our VIEs in China under various services and other arrangements. We cannot make any assurance that our subsidiaries in China can continue to receive the payments as arranged under our contracts with those VIEs. In addition, under Chinese law, our subsidiaries are only allowed to pay dividends to us out of their distributable earnings, if any, as determined in accordance with Chinese accounting standards and regulations. Moreover, our Chinese subsidiaries are required to set aside at least 10% of their respective after-tax profit each year, if any, to fund certain mandated reserve funds, unless these reserves have reached 50% of their registered capital. These reserve funds are not payable or distributable as cash dividends. For Chinese subsidiaries with after-tax profits for the periods presented, the difference between after-tax profits as calculated under PRC accounting standards and U.S. GAAP relates primarily to stock-based compensation expenses and intangible assets amortization expenses, which are not pushed down to our subsidiaries and VIEs under PRC accounting standards. In addition, under the EIT Law and its implementing Rules, dividends generated from our PRC subsidiaries after January 1, 2008 and payable to their immediate holding company incorporated in Hong Kong generally will be subject to a withholding tax rate of 10% (unless the PRC tax authorities determine that our Hong Kong subsidiary is a resident enterprise). If certain conditions and requirements under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income entered into between Hong Kong and the PRC and other related PRC laws and regulations are met, the withholding rate could be reduced to 5%.

The Chinese government also imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of China in certain cases. We have experienced and may continue to experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency. See Fluctuation in the value of the RMB and restrictions on currency exchange may have a material adverse effect on the value of your investment. If we or any of our subsidiaries are unable to receive substantially all of the economic benefits from our operations through these contractual or dividend arrangements, we may be unable to effectively finance our operations or pay dividends on our ordinary shares.

Regulations on virtual currency may adversely affect our game operations revenues.

We have provided Weibo Credit as an online virtual currency for users to purchase in-game virtual items or other types of fee-based services on Weibo. The Notice on the Strengthening of Administration on Online Game Virtual Currency, jointly issued by the Ministry of Culture and the Ministry of Commerce in 2009, broadly defined virtual currency as a type of virtual exchange instrument issued by internet game operation enterprises, purchased directly or indirectly by the game users by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored in servers provided by the internet game operation enterprises in electronic record format and represented by specific numeric units. Virtual currency is used to exchange internet game services provided by the issuing enterprise for a designated extent and time, and is represented by several forms, such as online prepaid game cards, prepaid amounts or internet game points, and does not include game props obtained from playing online games. In 2009, the Ministry of Culture further promulgated the Filing Guidelines on Online Game Virtual Currency Issuing Enterprises and Online Game Virtual Currency Trading

Enterprises, which specifically defines issuing enterprise and trading enterprise and stipulates that a single enterprise may not operate both types of business. Although we believe we do not offer online game virtual currency trading services, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours, in which case these regulations could have an adverse effect on our game-related revenues.

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Fluctuation in the value of the RMB may have a material adverse effect on the value of your investment.

The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of Renminbi to the U.S. dollar, and Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Our revenues and costs are mostly denominated in RMB, and a significant portion of our financial assets are also denominated in RMB, whereas our reporting currency is the U.S. dollar. Any significant depreciation of the RMB may materially and adversely affect our revenues, earnings and financial position as reported in U.S. dollars. To the extent that we need to convert U.S. dollars we received from offerings or debt financing into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

PRC laws and regulations establish more complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors adopted by six PRC regulatory agencies in 2006, or the M&A Rules, the Antimonopoly Law, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by the Ministry of Commerce in August 2011, or the Security Review Rules, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time consuming and complex. These include requirements in some instances that the Ministry of Commerce be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from the Ministry of Commerce be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

The Security Review Rules were formulated to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, also known as Circular 6, which was promulgated in 2011. Under these rules, a security review is required for mergers and acquisitions by foreign investors having national defense and security concerns and mergers and acquisitions by which foreign investors may acquire the de facto control of domestic enterprises have national security concerns. In addition, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to the security review, the Ministry of Commerce will look into the substance and actual impact of the transaction. The Security Review Rules further prohibits foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions.

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There is no requirement for foreign investors in those mergers and acquisitions transactions already completed prior to the promulgation of Circular 6 to submit such transactions to the Ministry of Commerce for security review. As we have already obtained the de facto control over our affiliated PRC entities prior to the effectiveness of these rules, we do not believe we are required to submit our existing contractual arrangements to the Ministry of Commerce for security review.

However, as there is a lack of clear statutory interpretation on the implementation of these rules, we cannot assure you that the Ministry of Commerce will not apply these national security review-related rules to the acquisition of equity interest in our PRC subsidiaries. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to the merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income, revoking our PRC subsidiaries' business or operating licenses, requiring us to restructure or unwind the relevant ownership structure or operations. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial condition and results of operations. Further, if the business of any target company that we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or through any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We face certain risks relating to the real properties that we lease.

In addition to SINA Plaza that we own, we also lease office space from third parties for our operations in China. Any defects in lessors' title to the leased properties may disrupt our use of our offices, which may in turn adversely affect our business operations. For example, certain buildings and the underlying land are not allowed to be used for industrial or commercial purposes without relevant authorities' approval, and the lease of such buildings to companies like us may subject the lessor to pay premium fees to the PRC government. We cannot assure you that the lessor has obtained all or any of approvals from the relevant governmental authorities. In addition, some of our lessors have not provided us with documentation evidencing their title to the relevant leased properties. We cannot assure you that title to these properties we currently lease will not be challenged. In addition, we have not registered any of our lease agreements with relevant PRC governmental authorities as required by PRC law, and although failure to do so does not in itself invalidate the leases, we may not be able to defend these leases against bona fide third parties.

As of the date of this annual report, we are not aware of any actions, claims or investigations being contemplated by government authorities with respect to the defects in our leased real properties or any challenges by third parties to our use of these properties. However, if third parties who purport to be property owners or beneficiaries of the mortgaged properties challenge our right to use the leased properties, we may not be able to protect our leasehold interest and may be ordered to vacate the affected premises, which could in turn materially and adversely affect our business and operating results.

The PRC Labor Contract Law and its implementing rules may adversely affect our business and results of operations.

The PRC Labor Contract Law became effective and was implemented on January 1, 2008, as amended on December 28, 2012 and effective as of July 1, 2013. The PRC Labor Contract Law has reinforced the protection for employees who, under the PRC Labor Contract Law, have the right, among others, to have written labor contracts, to enter into labor contracts with no fixed terms under certain circumstances, to receive overtime wages and to terminate or alter terms in labor contracts. Furthermore, the PRC Labor Contract Law establishes additional restrictions and

increases the costs involved with dismissing employees. As the PRC Labor Contract Law is relatively new, there remains significant uncertainty as to its interpretation and application by the PRC Government. In the event that we decide to significantly reduce our workforce, the PRC Labor Contract Law could adversely affect our ability to do so in a timely and cost effective manner, and our results of operations could be adversely affected. In addition, for employees whose contracts include non-competition terms, the Labor Contract Law requires us to pay monthly compensation after such employment is terminated, which will increase our operating expenses.

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Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board, and consequently investors may be deprived of the benefits of such inspection.

Our auditor, the independent registered public accounting firm that issued the audit reports included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and applicable professional standards. Our auditor is located in in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB, notwithstanding the requirements of U.S. law, is currently unable to conduct inspections without the approval of the Chinese authorities. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges. PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Proceedings instituted by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge, or the ALJ, presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If future document productions fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. While we cannot predict if the SEC will further review the four China-based accounting firms' compliance with specified criteria or if the results of such a review would result in the SEC imposing penalties such as suspensions or restarting the administrative proceedings, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements

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could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to the delisting of our ordinary shares from Nasdaq or the termination of the registration of our ordinary shares under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our ordinary shares in the United States.

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Changes to accounting pronouncements or taxation rules or practices may adversely affect our reported results of operations or how we conduct our business.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including, but not limited to, revenue recognition, impairment of goodwill and other intangible assets, lease obligations, tax matters, and other contingent liabilities are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition. For example, changes in accounting standards and the application of existing accounting standards, particularly related to the revenue recognition under *Revenue from Contracts with Customers* (Topic 606), the measurement of fair value as compared to carrying value for our reporting units, including goodwill, intangible assets and investments in equity interests, including investments held by our equity method investees, may have an adverse effect on our financial condition and results of operations. Factors that could lead to impairment of goodwill and intangible assets include significant adverse changes in the business climate and declines in the financial condition of a reporting unit. Factors that could lead to impairment of investments in equity interests of the companies in which we invested or the investments held by those companies include a prolonged period of decline in their operating performance or adverse changes in the economic, regulatory and legal environments of the countries where they operate. New accounting guidance also may require systems and other changes that could increase our operating costs and/or change our financial statements. For example, implementing future accounting guidance related to revenue, leases and other areas impacted by the current convergence project between the FASB and the International Accounting Standards Board could require us to make significant changes to our business management system or other accounting systems, and could result in changes to our financial statements.

We may be required to record a significant charge to earnings if we are required to reassess our goodwill or other amortizable intangible assets arising from acquisitions.

We are required under U.S. GAAP to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment annually, or more frequently, if facts and circumstances warrant a review. Factors that may be considered a change in circumstances indicating that the carrying value of our amortizable intangible assets may not be recoverable include a decline in share price and market capitalization and slower or declining growth rates in our industry. In 2014, we recorded a goodwill impairment charge of \$14.5 million related to our acquired online reading business. In 2016, we recorded a goodwill and acquired intangibles impairment charge of \$40.2 million, which was arising from certain acquisitions under our portal segment in light of the unsatisfied financial performance in 2016 and not optimistic forecast of future revenues. As of December 31, 2017, the total amount of our goodwill and acquired intangible assets was \$104.2 million. We may be required to record a significant charge to earnings in our financial statements during the period in which any additional impairment of our goodwill or amortizable intangible assets is determined.

While we believe that we currently have adequate internal control procedures in place, we are still exposed to potential risks from legislation requiring companies to evaluate controls under Section 404 of the Sarbanes-Oxley Act of 2002.

Under the supervision and with the participation of our management, we have evaluated our internal controls systems in order to allow management to report on, and our registered independent public accounting firm to attest to, our internal controls, as required by Section 404 of the Sarbanes-Oxley Act. We have performed the system and process evaluation and testing required in an effort to comply with the management

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certification and auditor attestation requirements of Section 404. As a result, we have incurred additional expenses and a diversion of management's time.

If we fail to maintain effective internal control over financial reporting in the future, a material misstatement of our financial statements may not be prevented or detected on a timely basis. In addition, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. This could in turn result in the loss of investor confidence in the reliability of our financial statements and negatively impact the trading price of our shares. Furthermore, If we are not able to continue to meet the requirements of Section 404 in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC or Nasdaq. Any such action could adversely affect our financial results and the market price of our ordinary shares.

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Risks Related to Our Shares

Our share price has been historically volatile and may continue to be volatile, which may make it more difficult for you to resell shares when you want at prices you find attractive.

The trading price of our ordinary shares has been and may continue to be subject to considerable daily fluctuations. During 2017, the prices of our ordinary shares on Nasdaq Global Select Market ranged from \$61.14 to \$119.20 per share. Our share price may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, our ability to meet expectations on the progress of our key business initiatives, such as Weibo development, growth in traffic and monetization, announcements of technological innovations or new products and services by us or our competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable, new governmental restrictions, regulations or practice, news reports relating to trends in our markets and market rumors regarding our company. In January 2014, China Internet Network Information Center, or CNNIC, released a report in Chinese stating that the number of microblog users in China had declined by 9.2% from 2012 to 2013. Because weibo is the Chinese word for microblog and Chinese characters do not distinguish between proper nouns (Weibo meaning Weibo Corporation) and common nouns (weibo meaning microblog), various media sources, including a number of prominent international media, reported that the number of Weibo s users had declined by 9.2% from 2012 to 2013. Our share price fell substantially in the weeks following the CNNIC report. Media reports about our company in the future, whether due to this kind of misunderstanding or for any other reason, could have a material adverse effect on the trading price of our ADSs. In addition, the stock market in general, and the market prices for China-related and internet-related companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our ordinary shares, regardless of our operating performance.

Our business and operation could be negatively affected if we become subject to any shareholder activism campaign, which could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price.

We were subject to shareholder activism campaign in the past. In September 2017, a New York City hedge fund, Aristeia Capital, L.L.C., or Aristeia, which then claimed to hold approximately 4.2% of our ordinary shares launched a proxy contest to elect two of its nominees to our board of directors. Although neither of Aristeia s proposals received the requisite shareholder approval during our 2017 annual general meeting, our directors and officers had been forced to divert significant amount of time and attention from our normal business operations and strategic planning to responding to the proxy contest since the commencement of the proxy contest.

While we are currently not subject to any shareholder activism campaign, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of shareholder activism. Shareholder activism, including potential proxy contests, could result in substantial costs and divert management s and directors attention and resources from our business. Also, we may be required to incur significant legal fees and other expenses related to any activist shareholder matters, which may impair our ability to execute our business plans and strategies.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to U.S. Holders.

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We believe that it is likely that we were not a passive foreign investment company (PFIC) for our taxable year ended December 31, 2017 and, depending on how we deploy our passive assets in our operations or for other active purposes and the value of our gross assets, we do not expect that we will be a PFIC for the current taxable year. Nevertheless, the application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will or will not be a PFIC for the current or any other taxable year.

A non-United States corporation, such as our company, will be classified as a PFIC for United States federal income tax purposes for any taxable year, if either (1) 75% or more of its gross income for such year consists of certain types of passive income, or (2) 50% or more of its average quarterly assets as determined on the basis of fair market value during such year produce or are held for the production of passive income.

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Although the law in this regard is not entirely clear, we treat our VIEs as being owned by us for United States federal income tax purposes because we control their management decisions and we are entitled to substantially all of their economic benefits and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of our VIEs for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ended December 31, 2017 and for subsequent taxable years, generally without regard to whether we reduce our cash holdings.

If we are characterized as a PFIC for any year, a U.S. Holder (as defined below under Taxation United States Federal Income Taxation Considerations) may incur significantly increased United States federal income tax on gain recognized on the sale or other disposition of our ordinary shares and on the receipt of distributions on our ordinary shares to the extent such gain or distribution is treated as an excess distribution under the United States federal income tax rules. Furthermore, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder's holding period in which we become a PFIC and subsequent taxable years even if we, in fact, cease to be a PFIC in subsequent taxable years. Accordingly, a U.S. Holder should consider making a deemed sale election. For more information, see Item 10. Additional Information E.Taxation United States Federal Income Taxation Considerations Passive Foreign Investment Company Considerations.

Our class A preferences shares' voting power will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our ordinary shares may view as beneficial.

On November 6, 2017, we issued 7,150 newly created class A preferences shares to New Wave MMXV Limited, or New Wave, a holding company that holds our ordinary shares on behalf of our senior management and is controlled by Mr. Charles Chao, our chairman of board and chief executive officer. The class A preference shares have no economic rights nor any right to dividend or other distribution. Subject to certain restrictions, the class A preference shares are entitled to vote on all matters submitted to our general meeting. Each class A preference share initially has 10,000 votes, which number of votes will be reduced proportionally if New Wave transfers any number of our ordinary shares it holds to a non-affiliate third party.

Immediately following the share issuance, New Wave's aggregate voting power in our company increased to approximately 55.5%, and therefore has the ability to control or substantially influence the outcome of matters submitted to a general meeting of our company. This concentrated control may limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of ordinary shares may view as beneficial.

Conversion of our convertible notes may dilute the ownership interest of existing shareholders.

The conversion of some or all of the notes may dilute the ownership interests of our existing shareholders. Any sales in the public market of the ordinary shares issuable upon such conversion could adversely affect prevailing market prices of our ordinary shares. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the market price of our ordinary shares.

Substantial future sales of our shares in the public market, or the perception that these sales could occur, could cause our share price to decline.

Additional sales of our shares in the public market, or the perception that these sales could occur, could cause the market price of our shares to decline. As of March 31, 2018, we had 71,470,468 ordinary shares outstanding, of which 7,944,386 ordinary shares were held by New Wave, a British Virgin Islands company controlled by Mr. Charles Chao, our chairman of the board and chief executive officer. Pursuant to a Registration Rights Agreement we entered into with New Wave on November 6, 2015, we agreed to provide New Wave with certain registration rights in respect of our ordinary shares held by it, subject to certain limitations. See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Transactions and Agreements with Directors and Officers Registration Rights Agreement. Registration of these shares under the Securities Act of 1933, as amended, would result in these shares becoming freely tradable without restriction under the Securities Act of 1933, as amended, immediately upon the effectiveness of the registration statement. If part or all of these shares are sold in the public market or if any existing shareholder or shareholders sell a substantial amount of shares, the prevailing market price for our shares could be adversely affected. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

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Weibo has been named as a defendant in a putative shareholder class action lawsuit that could have a material adverse impact on Weibo's business, financial condition, results of operation, cash flows and reputation.

Weibo will have to defend against the putative shareholder class action lawsuit described in Item 8, Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings, including any appeals of such lawsuits should our initial defense be unsuccessful. Weibo is currently unable to estimate the possible outcome or loss or possible range of loss, if any, associated with the resolution of these lawsuits. In the event that Weibo's initial defense of these lawsuits is unsuccessful, there can be no assurance that Weibo will prevail in any appeal. Any adverse outcome of these cases, including any plaintiff's appeal of a judgment in these lawsuits, could have a material adverse effect on Weibo business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The litigation process may utilize a significant portion of our resources and divert management's attention from the day-to-day operations of Weibo, all of which could harm Weibo business. Weibo also may be subject to claims for indemnification related to these matters, and Weibo cannot predict the impact that indemnification claims may have on Weibo business or financial results.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Sina Corporation was founded in March 1999 through the merger of Beijing SINA Information Technology Co., Ltd. and California-based SINANET.com. In April 2000, our company completed the initial public offering and was listed on the Nasdaq market. Our company was incorporated under the law of the Cayman Islands and is headquartered in Beijing, China. With offices throughout mainland China, Hong Kong, Taiwan and the U.S., our principal place of operations is located at 7/F SINA Plaza No. 8 Courtyard 10 West, Xibeiwang East Road, Haidian District, Beijing 100193, People's Republic of China. Our telephone number at this address is +86 10-8262-8888.

The primary focus of our operations is in China, where the majority of our revenues are derived. Our business operations in China are conducted primarily through wholly owned subsidiaries, including SINA.com Technology (China) Co., Ltd., SINA Technology (China) Co., Ltd., Starshining Mobile Technology (China) Ltd, Beijing New Media Information Technology Co., Ltd., Beijing SINA Advertising Co., Ltd., SINA (Shanghai) Management Co., Ltd., Shanghai SINA Advertising Co., Ltd. and Weibo Internet Technology (China) Co., Ltd., as well as our significant VIEs and their subsidiaries, including Beijing SINA Internet Information Service Co., Ltd., Beijing Star-Village Online Cultural Development Co., Ltd., Jinzhuo Hengbang Technology (Beijing) Co., Ltd., Beijing SINA Payment Technology Co., Ltd., Beijing Weiju Future Technology Co. Ltd., Beijing Weimeng Technology Co., Ltd. and Beijing Weibo Interactive Internet Technology Co., Ltd.

Online advertising has been a main source of our revenues since our inception. We started offering MVAS in 2001, and it contributed significantly to our growth during 2001 to 2004, but started to experience fluctuation and disruption since 2005. As our efforts to diversify our services proposition to users, we launched Weibo in 2009 and started generating revenues from it in 2012. Weibo has experienced rapid growth since then, and superseded our traditional portal advertising segment to become our largest revenue generator in 2015. In 2017, we started

offering online loan facilitation service through the acquiring of Weiju.

We have taken several actions to restructure and seek strategic cooperation for our online real estate business, including the spin-off of China Online Housing Technology Corporation, or COHT in 2008, injection our interests in COHT to China Real Estate Information Corporation (CRIC) upon CRIC 's listing on the Nasdaq Global Select Market in 2009, and merger of CRIC with E-House in 2012. In August 2016, E-House was taken private. We contributed approximately \$140 million as a member of the buyer consortium and became of the beneficial owner of 43% equity interests of E-House upon the completion of completion of the transaction. In December 2016, our interests in E-House was exchanged for 30% of outstanding shares of Leju and certain cash consideration, and consequently we became a principal shareholder of Leju.

We have also made investments in certain internet sectors that we have chosen to participate in through investments rather than organic development as well as in areas that we believes are strategic to extend our online ecosystem. For example, in August 2011, we purchased 9% of the issued and outstanding shares of Tudou, an online video company in China. Tudou merged into a wholly owned subsidiary of Youku in August 2012, in which transaction our shares in Tudou were converted into shares of the combined company, Youku Tudou Inc. We disposed of our interests in Youku Tudou in two transactions in 2015 and 2016, and recognized disposal gain of \$53.4 million. In October 2011, we invested \$50.0 million in Yunfeng Funds for the sole purpose of investment in Alibaba Group. We sold the shares we held in Alibaba Group through Yunfeng Funds gradually, and recognized disposal gain of \$245.8 million in total.

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In November 2013, we issued \$800,000,000 principal amount of convertible senior notes due 2018. The notes will bear interest at a rate of 1.00% per year, payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2014. On December 1, 2016, a number of holders exercised their option rights under the indenture to require us to repurchase their notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest to but excluding the repurchase date. We paid \$646.9 million in cash to repurchase such notes. As of December 31, 2017, \$153.1 million principal amount of convertible senior notes were outstanding. The remaining notes will mature on December 1, 2018. At any time prior to the maturity date, the notes can be convertible into our ordinary shares, at the option of the holders, based on an adjusted conversion rate.

On April 17, 2014, our subsidiary, Weibo listed its American depository shares, each representing one Class A ordinary share of Weibo (the Weibo ADSs), on the Nasdaq Global Select Market in connection with an initial public offering of Weibo. Weibo offered a total of 19,320,000 Weibo ADSs, representing 19,320,000 Class A ordinary shares, in connection with its initial public offering.

As approved by our board of directors in August 2016 and May 2017, respectively, we completed a distribution of Weibo Class A ordinary shares to our shareholders in October 2016 and an additional distribution in July 2017 in the form of a dividend, on a pro rata basis, of one Weibo Class A ordinary share for each ten of our ordinary shares outstanding as of September 12, 2016 and as of June 7, 2017, respectively. We distributed a total of 7,088,116 Weibo shares in October 2016, and 7,142,148 Weibo shares in July 2017. Following the distribution of Weibo shares in July 2017, our total equity stake in Weibo decreased to approximately 46% (or approximately 72% by voting power) of Weibo's total outstanding shares.

In October 2017, Weibo issued \$900 million principal amount of convertible senior notes due 2022. The notes will bear interest at a rate of 1.25% per year, payable semiannually in arrears on May 15 and November 15 of each year, beginning on May 15, 2018. Holders of the notes may convert their notes, at their option, in integral multiples of US\$1,000 principal amount, at any time prior to the second business day immediately preceding November 15, 2022. The notes will mature on November 15, 2022. The notes will be convertible into Weibo's ADSs at the option of the holders based on an initial conversion rate of 7.5038 ADSs per \$1,000 principal amount of notes.

B. Business Overview

Overview

We are a leading online media company serving China and the global Chinese communities. Our digital media network of SINA.com (portal), SINA mobile (mobile portal and mobile apps) and Weibo (social media) enables internet users to access professional media and user generated content (UGC) in multi-media formats from personal computers and mobile devices and share their interests with friends and acquaintances.

SINA.com. SINA.com offers distinct and targeted professional content on each of its region-specific websites and a full range of complementary offerings. Over the years, we have built a broad content network with thousands of professional media partners and accumulated a large mainstream user base, including well-educated, white-collar professionals.

SINA mobile. We also provide news information, entertainment contents and professional media contents customized for mobile users through mobile applications, such as SINA News, SINA Finance, SINA Sports, SINA Entertainment and SINA Blog, as well as through our mobile portal, SINA.cn.

Weibo. Weibo is a leading social media platform for people to create, distribute and discover content. Based on an open platform architecture, it provides an unprecedented and simple way for people and organizations to publicly express themselves in real time, interact with others on a massive global platform and stay connected with the world.

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Through these properties and other product lines, we offer an array of online media and social media services to our users to create a rich canvas for businesses and advertisers to effectively connect and engage with their targeted audiences.

Business and Products

We operate our business through the following three business segments, SINA Portal, Weibo and other businesses. We generate the majority of our revenues from online advertising and marketing services and, to a lesser degree, from fee-based services. We offer both brand advertising services in display ad formats and performance-based online marketing solutions on SINA Portal and Weibo, such as promoted feeds. Non-advertising revenues include revenues from online payment service and online loan facilitation service, mobile value added services (MVAS), Weibo value-added services (Weibo VAS) which mainly includes Weibo games, VIP membership and data licensing services.

Portal s Business and Products

SINA.com and SINA Mobile

SINA.com is an online media property which provides professional digital contents to users and offers online brand advertising and marketing solutions to customers.

SINA.com s network consists of four destination websites dedicated to the Chinese communities across the globe: Mainland China (www.sina.com.cn), Taiwan (www.sina.com.tw), Hong Kong (www.sina.com.hk), and overseas Chinese in North America (www.sina.com). Each destination site consists of Chinese-language news and content organized into interest-based channels. The sites offer extensive community and communication services and sophisticated web navigation capability through website search and directory services.

We also provide news information and entertainment content customized for mobile users in in forms of mobile applications, such as SINA News, SINA Finance, SINA Sports, SINA Entertainment and SINA Blog as well as through our mobile portal, SINA.cn, to mobile browsers.

User Offerings

As a leading digital content provider, SINA offers a variety of free interest-based vertical channels through SINA.com, SINA.cn and SINA mobile applications that provide region-focused format and content. The key vertical channels include:

SINA News. SINA News aggregates feeds from news providers, bringing together content from media companies, such as CCTV, Xinhua Net and Xinhua News Agency, People's Daily and People's Daily Online, Global Times, China News, Agence France-Presse (AFP), Associated Press, Reuters, Getty Images, Nanfang Daily Group and the Beijing News. Through SINA News channel, users have an easy access to breaking news coverage from multiple sources and points of view.

SINA Finance. SINA Finance provides business news coverage and personal finance columns. SINA Finance also offers stock quotes from the major exchanges around the world, mainly including U.S., Shanghai, Shenzhen and Hong Kong stock exchanges, as well as breaking news from individual listed companies and market trend analysis.

SINA Sports. SINA Sports offers multimedia news and information on a wide range of sporting events from home and abroad. SINA Sports features domestic and international soccer matches, National Basketball Association (NBA) games, general sports as well as coverage of world-famous sports stars and teams.

SINA Entertainment. SINA Entertainment contains extensive coverage of local and international entertainment news and events, including movies, television programs, plays, operas, music and celebrities in related fields.

SINA Auto. SINA Auto offers the latest automobile-related news and service information to provide car buyers and automobile enthusiasts with current information on automotive pricing, reviews and featured guides.

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SINA Technology. SINA Technology provides updates on recent activities of high-tech corporations as well as industry trends in China and worldwide.

SINA Video. SINA Video is an online video vertical portal that provides high-quality, easy-to-use interactive video products. This channel is divided into various vertical categories, mainly including news, sports and entertainment. SINA Video also allows users to upload, publish and manage user generated videos. For the risks concerning the revocation of our License for Online Transmission of Audio-Visual Programs, see Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China We may not be able to continue offering online video services if we cannot find business partners with the required licenses.

Other Channels. In addition to the aforementioned vertical channels, SINA.com also includes SINA Education, SINA Digital, SINA Fashion, SINA Luxury, SINA Health, SINA Collectibles, SINA Travel and other interest-based channels. Each channel serves as an interactive platform which offers extensive, professional, real-time, interest-based information and targeted services in respective vertical areas to users.

Advertiser Offerings

SINA.com is an online brand advertising property. Through SINA's various vertical channels, across PCs (sina.com) and various mobile platforms (sina.cn, SINA News App, SINA Finance App, SINA Sports App, etc.), we provide a rich spectrum of advertising and marketing solutions to advertisers to connect with users in a meaningful way. SINA's advertising offerings consist of display ad, performance based ads and video ad. Display ad, which mainly takes the formats of banner, button, text-link and loading page ads and appear on pages within the SINA network, channels and promotional sponsorships, fulfills advertisers' fundamental needs to drive brand awareness and interests to users or customers. Our primary advertising and sponsorship client base includes Fortune 1000 companies that employ a global approach to their branding, marketing and communications programs, regional companies of medium to large scale that focus on specific geographic and demographic markets and smaller companies whose markets are within a local territory.

To further deliver value for our advertisers and meet their branding needs at deeper level, we offer performance-based ad solutions, which mainly take the form of news feeds ad and are served within content streams across our various media platforms at mobile terminals in the form of text, static image or rich media and provide a personalized, targeted advertising experience to customers. This also helps attract customers with performance-driven marketing demands, such as small and medium enterprises. To enrich our advertising format, we also offer video ad on our platform which takes forms of pre-roll, mid-roll, and post-roll video screens as well as in-feed video ad.

Cooperation with Partners

In addition, we have closely cooperated with a range of content, service, application and distribution partners in order to serve users more effectively and to extend our brand and services to a broader audience. The goal of SINA.com's content partnerships is to provide its users with an extensive offering of Chinese-language content. We contract with content partners to display their contents on one or more of our websites

free of charge or in exchange for a share of revenue, a licensing fee, and access to SINA-generated content or a combination of these arrangements. Some of our leading content providers include the International Olympic Committee, English Premier League, UEFA Champions League, La Liga, Bundesliga, Chinese Football Association Super League, China Open, National Football League, PGA Tour, Women's Tennis Association, MUTV, CCTV, JSTV, BTV, People's Daily, Xinhua News Agency, China News Service, Global Times, Getty Images, Nanfang Daily Group, Beijing News, AFP, Associated Press, Reuters, Nasdaq OMX, Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange. For our mobile content, SINA.com has established content partnerships with certain international record companies to provide image and music downloads.

Weibo's Business and Products

Weibo is a leading social media platform for people to create, distribute and discover Chinese-language content. It provides an unprecedented and simple way for people and organizations to publicly express themselves in real time, interact with others on a massive global platform and stay connected with the world.

Weibo combines the means of public self-expression in real time with a powerful platform for social interaction, as well as content aggregation and distribution. Any user can create and post a feed and attach multimedia or long-form content. It serves a wide range of users including ordinary people, celebrities and other public figures, as well as media outlets, businesses, government agencies, charities and other organizations, making it a microcosm of Chinese society. For many people in China, Weibo allows them to be heard publicly and exposed to the rich ideas, cultures and experiences of the broader world.

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In addition to users, Weibo's ecosystem includes customers and platform partners:

- *Customers.* Weibo enables its advertising and marketing customers to promote their brands, products and services to its users. Weibo offers a wide range of advertising and marketing solutions to customers ranging from large companies to SMEs and to individuals, including display advertisement and promoted marketing offerings. Weibo's native promoted marketing offerings allow customers to reach a targeted audience based on the social interest graph, or SIG, of our users. In addition, Weibo's customers can benefit from the potential viral effect of their promoted feeds generated from the public and distributed nature of our platform, commonly known as earned media.
- *Platform Partners.* Weibo has attracted a large number of platform partners, including organizations with media rights, MCNs, self-medias and app developers. Weibo's platform partners contribute a vast amount of content to Weibo, broadly distribute Weibo content across their properties and integrate products and applications with Weibo's platform, enriching the experience of our users while increasing Weibo's monetization opportunities.

While Weibo distinguishes among users, customers and platform partners in classifying Weibo's products and analyzing Weibo's revenues, the same person or organization may simultaneously be included in two or more of the categories.

Weibo began monetization on its platform in 2012, and has since experienced rapid revenue growth. Weibo's revenues increased from \$477.9 million in 2015 to \$655.8 million in 2016 and further to \$1,150.1 million in 2017, representing a CAGR of 55.1%. Weibo generates revenues primarily from customers who purchase advertising and marketing services, and, to a lesser extent, from fee-based revenues, such as membership fees.

Weibo's product categories include those for users, advertising and marketing customers and platform partners.

Products for Users

Weibo's product development approach is centered on building simple and useful tools to enable its users to access Weibo to discover, create, and distribute content and interact with others on Weibo's platform in real time. Weibo employs a mobile first philosophy and has designed its platform around the capabilities of mobile devices. Weibo introduced the first generation of Weibo mobile app in the first quarter of 2010. Its app is compatible with all major mobile operating systems, including Android, iOS and others, and is accessible through mobile apps, mobile websites, computer apps and computer websites. Users can watch videos, read articles, discover Hot Weibo information feeds and interest-based topics after installing Weibo app or when visiting Weibo websites. Users registered with a Weibo account can set up their account information, post feeds, upload short videos and post articles. Users can also interact between themselves on Weibo's platform by following, reposting, adding comments, sending private messages and through other channels.

Weibo's users range from ordinary people to celebrities, businesses, government agencies and other organizations.

Discovery Products. Weibo offers the following products to help users discover content on its platform:

- *Information Feed.* Weibo organizes and presents users with information feed in different forms. Among all, two most important and most frequently browsed are relationship-based information feed (follow model) and interest-based information feed, both of which reside on users' home page.

Each user's relationship-based information feed displays a regularly updated flow of feeds posted by that user and other users who he or she has opted to follow. Since Weibo allows users to follow other users without establishing a reciprocal relationship, users are able to personalize whom to follow based on their interests. In other words, users can as easily follow celebrities and strangers as they follow friends and acquaintances. To improve user experience, the relationship-based information feed has evolved from a chronological timeline to one with multiple dimensions, including content relevancy, content quality, user interest, user engagement, user relationships and etc. Users can also customize their information feed by classifying followed accounts into different groups, e.g. friends, co-workers, celebrities, finance, sports and view feeds from each group separately.

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Interest-based information feeds are timelines of feeds recommended by Weibo based on different interest-based themes. Hot information feed is an example of interested-based information feed that Weibo presents at users' homepage to recommend feeds on recent popular topics, breaking news and feeds generated through users' interest. Weibo also organizes other interest-based information feeds on various themes for users to further explore the topics in which they are interested. In addition to the above, Weibo offers many other types of information feeds as well. For example, video information feed, which appears after a user finishes watching a short video and a timeline of related videos are recommended; and profile information feed, which can be found on a user's individual page and shows all of the feeds shared by that user.

- *Search.* Weibo's search function allows users to search its large content pool for users, feeds, videos, articles, pictures, etc. based on keyword (hashtag), topic or recent popular trending. Through Weibo's powerful search function, users can efficiently acquire the most relevant information they seek in real time. Hot Weibo is Weibo's hot topic ranking chart which is calculated based on real-time search data, presenting to users the hottest and newest content.
- *Discovery Zone.* The discovery zone is the interface aggregating Channels, Trends and information feeds for users to conveniently access a variety of content and services based on the user's current location and topical interests such as games, movie review, ticket purchasing, online music streaming, online shopping and live streaming. Users can find content related to their interests and interact with others of the same interest in the discovery zone.
- *Channels.* Channels gather users based on particular interests or locations and encourage user engagement through interaction within each channel. Users can visit these Channels to find rich content on topics of interest and interact with other users of similar interest. For example, users can stream songs and watch movie trailers from the respective Channels and write reviews in the discussion zone. With Weibo location-based services, users can locate popular points of interest, find information about them, such as show times for movie theaters and menus for restaurants, access coupons, post comments, and see reviews shared by other users. As one of the interest channels, Weibo also offers third-party online games, such as role-play games, card games and strategy games. Most games on Weibo are free and certain games have in-app purchase options for enhanced gaming experience. Weibo receives part of the revenues from such purchases through arrangements with the game developers.
- *Trends.* Trends are lists of hot topics on Weibo. A user can start a topic discussion by adding hashtags (#) around a word or phrase in a feed. The key word or phrase then becomes searchable with a single click. Top trends are listed in the discovery zone. Users may view feeds under each trending topic and participate in the discussion.

Self-Expression Products. Weibo offers the following products to enable its users to express themselves on Weibo's platform:

- *Post.* Weibo enables users to express and share their ideas, opinions and stories in the form of text and multimedia content. A post is usually limited to 140 Chinese characters, and can include rich, descriptive and vivid

content such as photos, music, short videos, live streaming and long-form articles.

- *Individual Page.* Each individual user has an Individual Page to express and share ideas, opinions and stories in the form of text and multimedia content. Basic information about a user, including username, introduction, education, location, liked feeds, accounts followed, follower accounts and Weibo account number, is also available on the user's Page. Individual users with verified authentic identity information will have an orange "V" mark on their profile picture. Weibo VIP membership, which can be purchased through monthly or annual subscriptions, offers certain additional services and functions not available to free users, such as following more users, more personalization of their Pages, additional options to manage information feeds and followers and access to premium games. Business and other organizations with verified identities can apply for enterprise accounts, create an Enterprise Page and will have a blue "V" mark on their profile picture. Weibo enables organizations to customize their Pages and to increase brand awareness, interact with followers, perform marketing events, promotion activities, and advertisement campaigns on Weibo. Weibo also enables business and other organizations to increase its business efficiency by providing various tools. For example, an e-commerce merchant can facilitate purchase activities through Weibo or offer "red envelop," and drawings to build a follower base.

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- *Story.* Users can continuously create, share and discover photos and full-screen vertical short videos. Stories allow users to more easily create, consume contents and interact with their relations on smartphone. It gains popularity quickly among Weibo users, especially younger generation. In addition, user can use tools such as stickers, filters and music to express their personality.
- *Top Articles.* Top Articles satisfies user needs for content creation and presentation. Users can create beautifully presented content through Top Articles, and publish through Weibo which will display such content in the information feed.
- *Weibo Q&A.* Weibo Q&A is Weibo's question-and-answer platform where users can engage in free Q&A as well as paid Q&A. Through creation and interaction of user generated content, it strengthens user engagement on Weibo.
- *Weibo Live Broadcasting.* Weibo Live Broadcasting includes showcase live broadcasting and media live broadcasting that satisfy the broadcasting demand of both individual users and business or organization users.

Social Products. Weibo offers the following mechanisms to promote social interaction between users on Weibo's platform:

- *Follow.* Users can establish relationships with other users by electing to follow them. Feeds that are posted or reposted by a user will automatically appear in the information feed of the user's follower. Relationships may be asymmetrical. The user being followed does not need to approve the follower's decision to follow them, although a user can choose to limit access to certain feeds or to blacklist a certain follower.
- *Repost, Comment, Favorite, Like.* By clicking on the Repost button, users can repost feeds from other users. When a feed is reposted, the original author is able to virally reach and influence users beyond that author's own circle of followers, leveraging the network of the followers of the author's followers, sometimes many degrees away. Users can add their own comments when they repost and share their view on the original feed with their followers. Users can also leave comments on a feed by clicking on the Comment button. If they like a feed, they can click on the Like button to express their support for the feed. At the bottom of each feed, users can see how many people have Reposted, Commented on or Liked the feed. Users can also save feeds into their favorites by clicking on the Favorite button.

- *@Mention.* Users can view their history of interactions with other users by going to the @Mention Page, which allows users to access all the feeds in which they are mentioned by other users. In addition, users can see a list of comments from other users on their own feeds, as well as the Likes on their feeds.
- *Messenger.* Users can send private messages in the form of text or voice recordings and can attach photos, locations and group contact cards. In addition, users can also use messengers to hand out red envelopes , lucky money, and receive payments from other users.
- *Group Chat.* Group Chat enables users to organize and participate in conversations based on common interest. For example, fans of a celebrity can establish chat rooms to share the latest gossips and tidbits, and the celebrity himself may choose to drop in to increase the livelihood of his fan base. In addition, users who are viewing the same live streaming session can simultaneously participate in a group chat as well.

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Products for Advertising and Marketing Customers

Weibo seeks to provide advertising and marketing solutions to enable its customers to promote their brands and conduct effective marketing activities. Weibo provides its customers with analytical tools to enable them to track and improve the effectiveness of their marketing campaigns on Weibo's platform. Weibo's advertising and marketing customers include key accounts, Alibaba/e-commerce merchants, SMEs and individuals that seek a full spectrum of online advertising and marketing services ranging from brand awareness to interest generation, sales conversion and loyalty marketing.

Social Display Advertisements. Social display advertisements appear on the app opening page, the Discovery Zone banner and website home page banner. When users click on a display advertisement, they may be redirected to the advertiser's Weibo Page for further engagement. Social display advertisements mainly serve key account customers.

Promoted Marketing. Weibo promoted marketing offerings include the following:

- *Promoted Feeds.* Promoted feeds appear in the user's information feed alongside organic feeds. Weibo encourages its customers to produce feeds that have relevant information value similar to that of the user's organic feeds. Customers may use Weibo's SIG recommendation engine to better target their audience and improve the relevancy of the advertisement to the users. As with other feeds, users can Repost, Comment on and Like promoted feeds, amplifying the visibility and reach of the original promoted feed and generating earned media to our customers. Weibo offers promoted feeds tailored to different customer segments such as:
 - Super FST is an advertising platform specifically for information feeds advertising products under a real time bidding system. By leverage Weibo's massive user data, Super FST can help customers precisely target users based on user attributes and social relations, enabling customers to achieve marketing objectives such as improving customers branding, increasing website visits and advertisement conversion rate, growing fan bases, increase app installation rates and collecting sales leads. Customer can place information feeds advertisements either through Weibo's authorized distributor, or directly by themselves on Super FST. Super FST can help to target segment audience via multiple dimensions, including user quality, scenarios, social relations, behaviors and interests. In this way, brands can precisely target users with different features. Super FST provides various advertising formats, such as multi-image post, image-text advertisements, video advertisements and matrix advertisements;
 - Fans Headline is a promoted service that guarantees a certain feed from the customer will appear at the top of the information feeds of the customer's followers;

- Weibo Express is a promoted service offered to key accounts for them to reach and engage with a broad range of Weibo users; and
- *Promoted Accounts.* Promoted accounts usually appear in various Weibo's relationship recommendation scenes on mobile devices such as the recommended accounts area, or directly in the information feed on mobile devices. Promoted accounts are labeled but otherwise appear in the same format as other accounts that Weibo recommends to its users. Promoted accounts provide customers a way to grow their followers, with whom they can then drive engagement and accumulate social assets using their Weibo Pages.
- *Promoted Trends.* Promoted trends, which are labeled as promoted, appear at the top of the list of trending topics. When a user clicks on a promoted trend, he will be redirected to the sponsor's landing page.

Products for Platform Partners

Weibo seeks to provide its platform partners with abundant tools and services, which improves Weibo's content ecosystem with more diverse and high quality content, increases user engagement, enhances user experience, expand user scale and strengthens platform influence. Weibo's platform partners include traditional and online media outlets, copyright content providers, MCNs and other self-media, as well as app developers and data suppliers. Weibo offers different products tailored to different types of platform partners, including:

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Products for copyright content providers. Weibo works with TV channels, online video websites and operators with copyright content through traffic resource exchange and content traffic sharing. Such cooperation enriches Weibo's content ecosystem with diversified video content and strengthen Weibo's brands influence, while at the same time enhances partners' user scales, and their brands influence.

- *Standardized products.* Weibo's standardized products to platform partners include, among others, Trends, Search, Video/Live Stream, and Editing tools.
- *Customized products.* Weibo provides customized products such as content customization, pooling of copyright contents and user interaction development to its platform partners.
- *Resource services.* Weibo provides its platform partners with operational resources to expand their brand influence, such as search list recommendation, trends list recommendation and Weibo app opening advertisements.

Products for MCNs and other self-media. Self-media refers to organization partners with the ability to manage and provide services to top content creators on Weibo, such as MCNs, unions and e-commerce partners. These top content creators produce various types of content on Weibo in the form of video, live stream, images and text. Weibo provides self-media with standardized products and services to help them build up and monetize social assets, which in return enables them to produce more content and attracting more self-medias to Weibo's platform. Weibo's products and services to them include:

- *Back-end management.* Weibo provides standardized and specialized back-end management allowing self-media to manage their content creator accounts in a scalable manner. Weibo's back-end management services include, among others, management of account, data, resource and growth.
- *Traffic supports.* Weibo provides traffic distribution supports such as account recommendation, content recommendation and access to certain exclusive functions.
- *Product services.* Weibo provides self-media with product solutions for better displaying and promotion of its account and content through various channels, including information feeds, video feeds and users home page.

Products for other app developers. Under user consent, Weibo's open application platform allows users to log into third-party applications with their Weibo account, which enables sharing of third-party content on Weibo platform. User privacy is strictly protected during the authorization to third-party applications, which only have access to user's basic public information. This product helps mobile app developers to acquire users while helps Weibo to acquire shared content from other apps and platforms.

Weibo Wallet. Weibo wallet product enables platform partners to conduct interest generation activities on Weibo, such as handing out red envelopes and coupons to other users to build a bigger and more active fan base, and drive purchase conversion. Weibo wallet also enables individual users to purchase different types of products and services on Weibo, including those offered by us, such as marketing services and VIP membership, and those offered by Weibo's platform partners, such as e-commerce merchandises, financial products and virtual gifts.

Other Businesses and Products

Online Payment Service. We developed an online payment system that enables merchants to transact online with their end customers or vendors. It is connected with banks' websites, and we charge service fees to merchants for such service.

Online Loan Facilitation Service. We provided online loan facilitation service, connecting borrowers with lenders and facilitate the execution of loan transactions. We recommend borrowers with financing needs to financial institution lenders, and assess and provide an assessment of each borrower's credit risks to lenders to facilitate lenders' own lending decision. We charge loan facilitation service fees to borrowers for our assistance. We provide guarantee on the principal, interest payment and penalty fee of the defaulted loans to the lenders.

MVAS. SINA's MVAS allows users to receive news and information, download ring tones, mobile games and pictures, customize caller ring back tones, and participate in dating and friendship communities. MVAS is sold on a monthly subscription or pay-per-message basis and can be ordered via SINA.com or through mobile phones. MVAS is promoted on SINA's portal and traditional media, including television and radio, as well as joint promotions through provincial operators. SINA relies on mobile operator systems, such as China Mobile's Monternet platform and China Unicom's UNI-Info platform, to deliver its MVAS and bill end users.

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Sales and Marketing

We maintain our own sales operations team. We transact business with key account customers primarily through third-party advertising agencies and with SMEs primarily through our distribution network.

Due to the expertise required to carry out an effective online marketing campaign, key accounts customers usually hire advertising agencies to handle their internet brand campaigns. These advertising agencies provide a broad spectrum of services, including designing ad campaigns based on an analysis of the customer's needs, crafting ads in various formats and providing analytical tracking.

Our distribution network for SME customers includes local distributors throughout China. Our distributors provide numerous services, including identifying customers, collecting payments, assisting customers in setting up their accounts with us, and engaging in other marketing and educational services aimed at acquiring customers. We provide periodic training programs to our distributors to maintain the service quality of our distributors and strengthen our relationships with them.

In addition, we have developed a programmatic advertising buying system which provides our customers with an easy access to performance-based advertising solutions that are designed to meet their needs at a comprehensive level. The easy-to-monitor feature of the system offers an enhanced user experience and potentially increases customers' willingness to repeat advertising purchase with us. In addition to helping us retain existing customers, the system also enables us to reach a broader customer base in our efforts to attract new customers.

We believe that our position as a leading online media in China has given us widespread name recognition. We focus on continually improving the quality of our products and services to strengthen our brand, as we believe satisfied users and customers are more likely to recommend our products and services to others. While word of mouth has helped us, we also make selective use of advertising, promotions and special events to promote SINA awareness and usage.

Technology Infrastructure

SINA's infrastructure allows users to access its products and services, regardless of their geographical location. SINA's infrastructure is also designed to provide high-speed access by forwarding user requests to data centers hosting pc sites, mobile sites and mobile applications with faster network or lower loads. Our web pages are generated, served and cached by servers hosted at various co-location data center in mainland China, the U.S., Taiwan and Hong Kong. SINA's servers mainly run on Linux platforms using Apache, Squid, Nginx, Java, PHP, Redis and Mysql, etc. These servers are primarily maintained at China Telecommunications Corporation, or China Telecom, and China Unicom branches in cities across China, including Beijing, Shanghai, Guangzhou and Tianjin, TNN in Taipei, Taiwan, China Telecom in Santa Clara, California, as well as NTT in Hong Kong.

We believe that these hosting partners provide operating advantages, including an enhanced ability to protect their systems from power loss, break-ins and other potential external causes of service interruption. They provide continuous customer service, multiple connections to the internet and a continuous power supply to their systems. In addition, SINA conducts online monitoring of its systems for accessibility, load,

system resources, traffic, network-server intrusion and timeliness of content. SINA's mobile applications in China leverage the aforementioned web operation resources by utilizing the wireless infrastructure of mobile network operators in China to provide MVAS to SINA's users. Nevertheless, we have experienced slower response time and suffered outages in the past due to equipment and software downtime as well as bandwidth issues with operators. Although these instances have not had a material adverse effect on our business, similar instances may have a material impact on our business in the future.

Seasonality

SINA has experienced seasonality in its online advertising business. Historically, the first calendar quarter has been the worst season for its advertising business due to the Lunar New Year holidays. Past performance may not be indicative of future trends, as the mix of advertising industry sectors, which may have different seasonality factors, may shift from quarter to quarter. Seasonality in other businesses is less apparent.

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Competition

We provide online digital content and services for the global Chinese community, including but not limited to informational features, social media and social networking services as well as other fee-based services. This industry can be characterized as highly competitive and rapidly changing due to the fast growing market demand. Barriers to entry are relatively low, and existing and potential competitors can launch new websites, platforms or services at a relatively low cost. Many companies offer various contents and services targeting this community that compete with our offerings. With the growth rate of the overall size of internet community slowing down, the industry is evolving rapidly and is witnessing rising competition for traffic and user time. In particular, we face head-to-head competition from other mobile news applications and we compete to attract, engage and retain users from other platforms with social attributes such as video-sharing and messaging or products with information feed functionalities.

The development of China's advertising industry also has impacts on our product offerings and revenue generation. According to iResearch's report on China's digital advertising market, the overall digital advertising revenues in China is estimated to grow at an annual growth rate of 32% in 2017, which slightly slowed down compared with prior years. While the entire digital ad market has generated healthy growth in the past year, certain trends have transformed the market. From regulatory perspective, the newly adopted Advertisement Law in 2015 and Interim Measures for the Administration of Internet Advertising on 2016 have set a higher standard for the content, the format of online advertisement and qualification of advertisers. From the perspective of digital ad budget allocation, advertisers have continued to shift budgets from PC to mobile, which has an unfavorable impact on overall portal advertising which has been dominant on the PC side. Information feed advertisement has gradually become a mainstream advertising format on mobile media platforms to serve advertisers' demands.

With these factors taken into account, along with macro headwinds, there are challenges we face to ramp up our portal business in the short run and there are efforts we need to make to optimize our advertising products and improve mobile monetization capability to keep up with China's advertising market and achieve growth in the long run. See Item 3. Key Information D. Risk Factors Risks Related to Our Business. The markets for internet and social media and social networking services are highly competitive, and we may be unable to compete successfully against established industry competitors and new entrants, which could reduce our market share and adversely affect our financial performance.

Intellectual Property and Proprietary Rights

We rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our products is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. In addition, even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations. See Item 3. Key Information D. Risk Factors Risks Related to Our Business. We may not be able to adequately protect our intellectual properties, which could cause us to be less competitive and We may be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our websites, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.

Government Regulation and Legal Uncertainties

The following description of PRC laws and regulations is based upon the opinion of TransAsia Lawyers, our PRC counsel. For a description of legal risks relating to our ownership structure and business, see Item 3. Key Information D. Risk Factors.

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Overview

The PRC government has enacted an extensive regulatory scheme governing the operation of business with respect to the internet, such as telecommunications, internet information services, international connections to computer information networks, information security and censorship and administrative protection of copyright. Besides the MIIT, the various services of the PRC internet industry are also regulated by various other governmental authorities, such as SAIC, the State Council Information Office (SCIO), Cyberspace Administration of China (CAC), the GAPP, the SARFT (GAPPRFT was formed when the GAPP was combined with the SARFT in March 2013), the Ministry of Education (MOE), the MOC, the Ministry of Health (MOH), and the Ministry of Public Security.

PRC Corporate Structure

The PRC government restricts foreign investment in internet-related businesses. Accordingly, we operate our internet-related businesses in China through our VIEs that are PRC domestic companies owned principally or completely by certain of our PRC employees or PRC employees of our directly-owned subsidiaries. For a list of our material directly owned subsidiaries and VIEs in China, please see C. Organizational Structure below.

Classified Regulations

Foreign Investment in Value-added Telecom Services

According to the Provisions on Administration of Foreign Invested Telecommunications Enterprises, promulgated by the State Council in 2001 and amended in 2008 and 2016, the ultimate foreign equity ownership in a value-added telecommunications service provider may not exceed 50%. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunications business in China, it must demonstrate a good track record and experience in operating value-added telecommunications services. Foreign investors that meet these requirements must obtain approvals from MIIT and the Ministry of Commerce or their authorized local branches.

In order to further strengthen the administration of FITEs, the MII Circular 2006 provides that (i) any domain name used by a value-added telecom carrier shall be legally owned by such carrier or its shareholder(s); (ii) any trademark used by a value-added telecom carrier shall be legally owned by the carrier or its shareholder(s); (iii) the operation site and facilities of a value-added telecom carrier shall be installed within the scope as prescribed by operating licenses obtained by the carrier and shall correspond to the value-added telecom services that the carrier has been approved to provide; and (iv) a value-added telecom carrier shall establish or improve the measures of ensuring safety of network information. If a license holder fails to comply with the requirements in the MII Notice or cure such non-compliance, the MII or its local counterparts have the discretion to take measures against such license holders, including revoking their value-added telecommunications business operating licenses. As to the companies which have obtained the operating licenses for value-added telecom services, they are required to conduct self-examination and self-correction according to these requirements and report the result of such self-examination and self-correction to the MII.

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Accordingly, the ICP Company submitted the self-correction scheme to the MII on November 17, 2006. Under the self-correction scheme, (i) the domain name `www.sina.com.cn` mainly used by the ICP Company should be transferred from BSIT to the ICP Company, and (ii) the trademark SINA () used by the ICP Company should be transferred from BSIT to the ICP Company. According to the Certificate for Approval of Trademark Transfer issued by the Trademark Office of State Administration for Industry and Commerce (SAIC) on September 28, 2008, the trademark SINA has already been transferred to the ICP Company. The domain name `www.sina.com.cn` has been transferred to the ICP Company as well.

Internet Information Services

The Telecommunications Regulations of the People's Republic of China, or Telecom Regulations, promulgated by the State Council in 2000, and subsequently amended in 2014 and 2016, draw a distinction between basic telecommunication services and value-added telecommunication services. Internet content provision services is a subcategory of value-added telecommunications services. On December 25, 2015, MIIT published the Classification Catalogue of Telecommunications Services (the 2015 Catalogue), which took effect on March 1, 2016. The first catalogue was published in September 2000 and was subsequently amended in 2001 and 2003. Under the 2015 Catalogue, value-added telecommunication services were further classified into two sub-categories and 10 items. Internet content provision services, or ICP services, fall under the second subcategory of value-added telecommunications businesses. Under the Telecom Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from MIIT or its provincial level counterpart(s).

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The State Council issued the Administrative Measures Internet on Internet Information Services concurrently with the Telecom Regulations in 2000 to regulate Internet content provision services, which was subsequently amended on January 9, 2011. According to these measures, commercial Internet content provision service operators must obtain an Internet Content Provision License from relevant government authorities before engaging in any commercial Internet content provision operations within the PRC. These measures further stipulate that entities providing internet content provision services regarding news, publishing, education, medicine, health, pharmaceuticals and medical equipment must obtain the approval of the national government authorities responsible for such subject matter prior to applying for an operating license from the internet relevant government authorities.

The Administrative Measures on Telecommunications Business Operating Licenses, promulgated by MIIT in 2001 and amended in 2009 and 2017, set forth the types of licenses required to operate value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, an information service operator providing value-added services in multiple provinces is required to obtain an inter-regional license, whereas an information services operator providing the same services in one province is required to obtain a single local license.

The ICP Company currently holds a Value-Added Telecommunication Services Operating License, which was issued in July 2009 by the MIIT authorizing the ICP Company to provide national information services of the internet data center service of the first category of the value-added telecommunication service (excluding online resources coordination) and the second category of the value-added telecommunication services (excluding internet information services). The license has been renewed and is valid through April 29, 2019 subject to annual inspection. The ICP Company also holds a Value-Added Telecommunication Services Operating License issued by Beijing Communication Administration Bureau on March 10, 2008, authorizing the ICP Company to provide MVAS in Beijing. The license has been renewed and is valid through November 23, 2020 and subject to annual inspection.

Beijing Star-Village Online Cultural Development Co., Ltd. (StarVI) currently holds a Value-Added Telecommunication Services Operating License, which was originally issued by the MIIT authorizing StarVI to provide national information services of the second category of the value-added telecommunication services (excluding internet information services). The license is valid through August 8, 2019 and is subject to annual inspection. StarVI also holds a Telecommunication and Information Services Operating License, which was issued by the Beijing Communication Administration Bureau. The license is valid through November 11, 2020 and is subject to annual inspection.

Weimeng currently holds a Value-Added Telecommunication Services Operating License, which was issued on December 13, 2016 by the MIIT authorizing Weimeng to provide national information services of the second category of the value-added telecommunication services (excluding internet information services). The license is valid through November 3, 2019 and is subject to annual inspection. Weimeng also holds a Telecommunication and Information Services Operating License, which was issued on by Beijing Communication Administration Bureau authorizing Weimeng to provide internet information services excluding services in the area of news, publishing, education, medicine, health, pharmaceuticals and medical equipment. The license is valid through May 20, 2020 and is subject to annual inspection.

Online Advertising

Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations. In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements

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and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the SAIC or its local branches may order the violator to terminate its advertising operation or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities if they infringe on the legal rights and interests of third parties.

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On April 24, 2015 the Standing Committee of the National People's Congress issued the PRC Advertising Law or the Advertising Law, which came into effect on September 1, 2015. The Advertising Law applies to all advertising activities conducted via the internet. The Advertising Law requires that users must be able to close online pop-up ads with one click. Moreover, internet service providers are obligated to cease publishing any advertisements that they know or should know are illegal. Violation of these regulations may result in penalties, including fines, confiscation of the advertising incomes, termination of advertising operations and even suspension of the provider's business license.

In July 2016, the State Administration for Industry and Commerce issued the Interim Measures for the Administration of Internet Advertising, which became effective on September 1, 2016. These interim measures clarify that internet advertisements means commercial advertisements that promote commodities or services directly or indirectly via internet media such as websites, webpages and internet applications in the form of texts, pictures, audio, video or other forms. These interim measures also create a number of new requirements for internet advertisers. For example, these interim measures state that paid search advertisements should be clearly distinguished from ordinary search results. In addition, consistent with the Advertising Law, these interim measures require that advertisements published on internet pages in the form of pop-ups or other similar forms shall be clearly marked with a close button to ensure one click to close. The measures also prohibit unfair competition in internet advertisement publishing, including (1) providing or using any programs or hardware to intercept or filter any legally operated advertisements of other persons; and (2) using network pathways, network equipment or applications to disrupt the normal data transmission of advertisements, alter or block legally operated advertisements of other persons or load advertisements without authorization. Violation of these regulations may result in fine of no more than RMB 30,000, with any punishments administrated by the Administrative Authority for Industry and Commerce in the place where the advertisement publisher is located.

Several of our wholly owned subsidiaries and VIEs have an approved business scope to carry out the design, production, issuance and agency of advertisements. These entities include Beijing SINA Advertising Co., Ltd., Shanghai SINA Advertising Co., Ltd., and Weimeng.

The ICP Company has an approved business scope to issue internet advertisements and carry out the business of placing advertisements on the website www.sina.com.cn.

Microblogging Services

On December 16, 2011, the Beijing Municipal Government issued the Microblog Rules, which became effective on the same day. The Microblog Rules, among other things, require users of microblogging services to register their identities with microblogging service providers. The Microblog Rules identify eleven categories of content that are restricted from being disseminated. Microblogging service providers are required to implement systems and procedures to verify user identity and ensure that the information disseminated by users is in compliance with the Microblog Rules.

On February 4, 2015, CAC promulgated the Administrative Provisions on Account Names of Internet Users, or the Account Names Provisions, which became effective as of March 1, 2015. The Account Name Provisions require internet service providers to authenticate registered users identity information and to commit to complying with the seven basic requirements, including observing the laws and regulations, upholding the socialist regime, protecting state interests and so on, as well as ensuring the authenticity of any information they provide. Relevant Internet Information Service Providers are responsible for the protection of users' privacy, the consistency between user information, such as account names, avatars, and the requirements contemplated in the Account Names Provisions, making reports to the competent authorities regarding any violation of the Account Names Provisions, and taking appropriate measures to stop any such violations, such as, notifying the user to make corrections within a specified time and suspending or closing accounts in the event of continue non-compliance.

On February 2, 2018, CAC promulgated the Administrative Provision on Microblogging Information Service, or Microblogging Provisions, which came into effect March 20, 2018. The Microblogging Provision requires Microblogging service providers to strictly verify the identification information of registered users, establish an administration system for users who post and spread false information, and record users' blogging content to be stored for at least six months.

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Internet Publishing

On June 27, 2002, the SPPA and the MII jointly released the Provisional Rules for the Administration of internet Publishing, or the internet Publishing Rules, which define internet publications as works that are either selected or edited to be published on the internet or transmitted to end-users through the internet for the purposes of browsing, reading, using or downloading by the general public. Such works mainly include content or articles formally published by press media such as: (i) books, newspapers, periodicals, audio-visual products and electronic publications; and (ii) literature, art and articles on natural science, social science, engineering and other topics that have been edited.

The Administrative Provisions on Online Publishing Services, or the Online Publishing Provisions which is jointly issued by the MIIT and the GAPP on February 4, 2016, and became effective on March 10, 2016. The Online Publishing Provisions replaced the internet Publishing Rules. The Provisions define online publishing services as providing online publications to the public through information networks. Any online publishing services provided in the territory of the PRC is subject to the Provisions. The Provisions requires any internet publishing services provider to obtain an online publishing service license to engage in online publishing services. Under the Online Publishing Provisions, online publications refers to digital works which have publishing features such as having been edited, produced or processed and which are made available to the public through information networks, including written works, pictures, maps, games, cartoons, audio/video reading materials and others. Any online game shall obtain approval from the State Administration of Press, Publication, Radio, Film and Television before it is launched online. Further, Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and wholly foreign-owned enterprises cannot engage in providing web publishing services.

According to the Online Publishing Provisions, web portals like SINA are required to apply to and register with GAPP before distributing internet publications.

In accordance with these rules, the ICP Company obtained an internet Publication License issued by GAPP on December 21, 2010, however, in 2014, such internet Publication License was revoked by State Administration of Press, Publication, Radio, Film and Television for violations related to the distribution of certain literary on our reading channel, book.sina.com.cn. We may not continue offering internet publication service unless we reapply and receive the Internet Publication License or find a business partner with proper licenses to corporate to provide this service. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China We may not be able to continue offering online video services if we cannot find business partners with the required licenses.

Online News Publishing

On November 6, 2000 and September 25, 2005, the Provisional Regulations for the Administration of Website Operation of News Publication Services was jointly promulgated by the SCIO and the MII. The regulations stipulate that general websites set up by non-news organizations may list news released by certain governmental news agencies, if they satisfy the requirements set forth in the foregoing two regulations, but may not publish news items produced by themselves or news sources from elsewhere.

On April 28, 2015, the State Internet Information Office, or the SIIO, issued the Provisions on the Questioning Procedures for Internet News Service Providers, or the Provisions. The Provisions provide the SIIO and its local branches with a formal procedure for bringing in key personnel from internet news service providers for questioning as well as giving oral warnings, identifying problems and ordering rectifications

in certain circumstances specified in the Provisions such as the failure to deal with illegitimate information in a timely fashion and when circumstances are severe. If the SIIO or its local branches orders an internet news service provider to rectify a problem through the questioning procedures and it fails to do so, then the internet new service provider may be subject to administrative action including a written warning, fine, temporary suspension of operations or the revocation of licenses. Internet news service providers are also subject to enhanced penalties for several violations under the questioning procedures. Additionally, the SIIO and its local branches may publicize information related to the questioning procedures that it conducted against internet news service providers under the Provisions. The Provisions took effect on June 1, 2015.

On May 2, 2017, the CAC issued the Administrative Provisions for Internet News Information Services, or the New Provisions, which became effective on June 1, 2017. The New Provisions replace the Provisions for the Administration of Internet News Information Services promulgated by the SCIO and the MIIT in 2015, and are intended to help solidify the CAC's jurisdiction over internet news information services. The New Provisions require that internet websites, apps, forums, blogs, microblogs, official accounts, instant messaging tools, and network-based broadcasts that provides internet news information services obtain a permit for internet news information services. The New Provisions also broaden the scope of internet news information services to include (i) services for collecting, editing, and releasing internet news information; (ii) reposting such news information; and (iii) providing platforms to spread such news information. To apply for such a permit, the applicant must satisfy requirements set forth under the New Provisions, such as that it be a legal entity established in the PRC and that its principal or chief editor be a Chinese national. In addition, all internet news providers are explicitly required to review and self-censor content published by them and to take measures to cease transmission and to remove any inappropriate content as it is discovered, as well as maintain relevant records and report such matters to the relevant regulators.

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The ICP Company has renewed its internet news information service permit which is valid through March 31, 2020. As the New Provisions are relevantly new, there remain substantial uncertainties with respect to the interpretation and implementation of the New Provisions by CAC. Currently, the internet news information service permit of the ICP Company is still under annual inspection by CAC.

Weimeng currently provides a platform for our users to post news, current topics and social events, and has not obtained an internet news publication license. If the relevant government authorities determine that the services provided by Weimeng are internet news dissemination services and an internet news publication license for such services is needed, we will need to apply for the relevant approval and license, which Weimeng might not successfully obtain in a timely manner or at all.

Online Payment

On June 14, 2010, the People's Bank of China promulgated the Measures for the Administration of Payment Services of Non-Financial Institutions (The Measures), which took effect on September 1, 2010. On December 1, 2010, the People's Bank of China promulgated implementing rules for the Measures. The Measures and the implementing rules require any non-financial institution engaging in payment services, such as online payment, issuance and acceptance of prepaid cards, and bill collection via bankcard, to obtain a Payment Service License. The registered capital of an applicant that engages in a nationwide payment business must be at least RMB100 million, while that of an applicant engaging in payment business within a province must be at least RMB30 million.

In addition, in December 2015, the People's Bank of China promulgated the Administrative Measures on the Online Payment Business of Non-Bank Payment Institutions, or the Measures on Online Payment Business, which took effect on July 1, 2016. The Measures on Online Payment Business requires payment institutions to comply with the Know Your Client principle and establish a client identification mechanism. Payment institutions shall register and verify real-name and basic identification of clients that open account with them. In addition, the Measures on Online Payment Business categorizes online payment accounts of individuals into three types, with each type subject to particular use of purposes and different limits on the amounts that can be paid from the accounts.

Beijing Sina Payment Technology Co., Ltd., a wholly owned subsidiary of the ICP Company, has obtained a Payment Service License from the People's Bank of China valid until July 5, 2018, which enables us to engage in nationwide online payment business through the internet and mobile phones. We plan to renew the Payment Service License with the People's Bank of China before it expires. However, as China has tightened regulations on online payment service, we may not be able to successfully renew our Payment Service License.

Online Loan Facilitation Service

In July 2015, ten PRC regulatory agencies, including the People's Bank of China, or the PBOC, the MIIT and the China Banking Regulatory Commission, or the CBRC, jointly issued the Guidelines on Promoting the Healthy Development of Internet Finance, or the Guidelines. The Guidelines call for active government support of China's internet finance industry, including the online peer-to-peer lending service industry, and clarify the division of responsibility among regulatory agencies. The Guidelines specify that the CBRC will have primary regulatory responsibility for the online peer-to-peer lending service industry in China and state that online peer-to-peer lending service providers shall act as an intermediary platform to provide information exchange, matching, credit assessment and other intermediary services, and must not provide credit enhancement services and/or engage in illegal fund-raising. The Guidelines provide additional requirements for China's internet finance

industry, including the use of custody accounts with qualified banks to hold customer funds as well as information disclosure requirements.

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In August 2016, four PRC regulatory agencies, including the CBRC, the MIIT, the MPS and Cyberspace Administration of China, published the Interim Measures. The Interim Measures define online lending intermediaries as the financial information intermediaries that are engaged in online peer-to-peer lending information business and provide lenders and borrowers with lending information services, such as information collection and publication, credit rating, information interaction and loan facilitation. Consistent with the Guidelines, the Interim Measures prohibit online lending intermediaries from providing credit enhancement services and collecting funds directly or indirectly, and require, among others, (i) that online lending intermediaries intending to provide online lending information agency services and its subsidiaries and branches must make relevant record-filing with local financial regulatory authorities with which it is registered after obtaining the business license; (ii) that online lending intermediaries operating telecommunication services must apply for relevant telecommunication service license after the completion of the record-filing and registration with the local financial regulatory authority; and (iii) that online lending intermediaries must materially specify the online lending information intermediary in the business scope.

The Interim Measures list the following businesses that an online lending intermediary must not, by itself or on behalf of a third party, participate in: (i) financing for themselves whether or not in disguised form; (ii) accepting or collecting directly or indirectly the funds of lenders; (iii) providing lenders with guarantee or promise on guarantee of principal and interest directly or in disguised form; (iv) publicizing or promoting financing projects at physical locations; (v) extending loans, except otherwise as provided by laws and regulations; (vi) splitting the term of any financing project; (vii) offering wealth management and other financial products by themselves to raise funds, and selling as an agent bank wealth management, securities company asset management, fund, insurance or trust products and other financial products; (viii) conducting asset securitization business or realizing transfer of creditors' rights in the forms of asset packaging, asset securitization, trust assets, fund shares, etc.; (ix) engaging in any form of mixture, bundling or agency with other institutions in investment, agency in sale, brokerage and other business except as permitted by laws, regulations and relevant regulatory provisions on online peer-to-peer lending; (x) falsifying or exaggerating earnings outlook of financing projects, concealing the defects and risks of financing projects, making false advertising or promotion, etc., by using ambiguous words or other fraudulent means, fabricating or spreading false or incomplete information impairing the business reputation of others or misleading lenders or borrowers; (xi) providing information intermediary services for high-risk financing which uses the borrowed funds for investment in stocks, over-the-counter fund distribution, futures contracts, structured funds and other derivative products; (xii) engaging in businesses such as crowd-funding in equity; and (xiii) other activities prohibited by the laws, regulations and the regulatory provisions on online peer-to-peer lending. In addition, the Interim Measures stipulate that online lending intermediaries shall not operate businesses other than risk management and necessary business processes such as information collection and confirmation, post-loan tracking and pledge management in accordance with online lending regulations, via offline physical locations. Furthermore, the Interim Measures provide that online lending intermediaries shall, based on their risk management capabilities, set upper limits on the loan balance of a single borrower borrowing both from one online lending intermediary and from all online lending intermediaries. In the case of natural persons, this limit shall not be more than RMB200,000 for one online lending intermediary and not more than RMB1 million in total from all platforms, while the limit for a legal person or organization shall not be more than RMB1 million for one online lending intermediary and not more than RMB5 million in total from all platforms. Moreover, the Interim Measures require that each online lending intermediary (i) separate its own capital from funds received from lenders and borrowers and (ii) select a qualified banking financial institution as its funding custodian institution, which shall perform custody and administrative responsibilities as required.

The Interim Measures also set out certain additional requirements applicable to online lending intermediaries on, among other things, the real-name registration of lenders and borrowers, the risk control, internet and information security, limits on the fund collection period (up to 20 business days), allocation of charges, personal credit management, file management, lenders and borrowers protection, prohibition on making decisions by online lending intermediaries on behalf of the lender without the authorization of the lender, administration of electronic signatures and information disclosure. Any violation of the Interim Measures by an online lending intermediary may subject such online lending intermediary to certain penalties as determined by applicable laws, and regulations, or by relevant government authorities if the applicable laws and regulations are silent on the penalties. The applicable penalties may include but are not limited to, criminal liabilities, warning, rectification, tainted integrity record and fines of up to RMB30,000. If any online lending intermediary established prior to the implementation of these Interim Measures fail to conform to the provisions of these Interim Measures, the local financial regulatory authority shall require such online lending intermediary to make rectification, and the rectification period shall not exceed 12 months.

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In November 2016, the CBRC, the MIIT and the State Administration for Industry and Commerce, or the SAIC, jointly published the Guidelines on the Administration of Record-filings of Online Lending Information Intermediary Agencies, or the Record-filings Guidelines, to establish and improve the record-filing mechanisms for online lending intermediaries. According to the Record-filings Guidelines, a newly established online lending intermediary shall make the record-filings with the local financial regulatory authority after obtaining the business license; while with respect to any online lending intermediary which is established and begins to conduct the business prior to the publication of this Record-filings Guidelines, the local financial regulatory authority shall, pursuant to relevant arrangement of specific rectification work for risks in online peer-to-peer lending, accept the application for record-filings submitted by a qualified online lending intermediary, or any online lending intermediary which has completed the rectification confirmed by relevant authorities.

In February 2017, the CBRC released the Guidelines to Regulate Funds Custodian for online lending intermediaries, or the Custodian Guidelines. The Custodian Guidelines define depositories as commercial banks that provide online lending fund custodian services, and stipulate that the depositories shall engage in offering any guarantee, including: (i) offering guarantees for lending transaction activities conducted by online lending intermediaries, or undertaking any liability for breach of contract related to such activities; (ii) offering guarantees to lenders, guaranteeing principal and dividend payments or bearing the risks associated with fund lending operations for lenders.

In April 2017, the Online Lending Rectification Office issued the Notice on the Performance of Check and Rectification of Cash Loan Business Activities and a supplementary notice, or the Notice on Cash Loan. The Notice on Cash Loan requires the local branches of the Online Lending Rectification Office to conduct a comprehensive review and inspection of the cash loan business of online lending platforms and require such platforms to implement necessary improvements and remediation within a specific period to comply with the relevant requirements under the applicable laws and regulations. The Notice on Cash Loan focuses on preventing malicious fraudulent activities, loans that are offered at excessive interest rates and violence in the loan collection processes in the cash loan business operation of online lending platforms. The Online Lending Rectification Office also issued a list of cash loan business activities that are to be examined.

In August 2017, the General Office of the CBRC released the Guidelines on Information Disclosure of Business Activities of Online Lending Information Intermediaries, or the Information Disclosure Guidelines. Consistent with the Interim Measures, the Information Disclosure Guidelines emphasize the requirement of information disclosure by an online lending intermediary and further, detail the frequency and scope of such information disclosure. Any violation of the Information Disclosure Guidelines by an online lending intermediary may subject the online lending intermediary to certain penalties under Interim Measures. In addition, the Information Disclosure Guidelines require online lending intermediaries that do not fully comply with the Information Disclosure Guidelines in conducting their business to rectify the relevant activities within six months after the release of the Information Disclosure Guidelines.

In December 2017, the Internet Finance Rectification Office and the Online Lending Rectification Office jointly issued the Notice on Regulating and Rectifying Cash Loan Business, or the Circular 141, outlining general requirements on the cash loan business conducted by network microcredit companies, banking financial institutions and online lending information intermediaries. The Circular 141 specifies the features of cash loans as not relying on consumption scenarios, with no specified use of loan proceeds, no qualification requirement on customers and unsecured etc. The Circular 141 sets forth several general requirements with respect to cash loan business, including, without limitation: (i) no organizations or individuals may conduct the lending business without obtaining approvals for the lending business; (ii) the aggregated borrowing costs of borrowers charged by institutions in the forms of interest and various fees should be annualized and subject to the limit on interest rate of private lending set forth in the Private Lending Judicial Interpretations issued by the Supreme People's Court; (iii) all relevant institutions shall follow the know-your-customer principle and prudentially assess and determine the borrower's eligibility, credit limit and cooling-off period, etc. Loans to any borrower without income sources are prohibited; and (iv) all relevant institutions shall enhance the internal risk control and prudentially use the data-driven risk management model. In additions, the Circular 141 emphasizes several requirements on the online lending information intermediaries. For instance, such intermediaries are prohibited from facilitating any loans to students or other persons without repayment source or repayment capacity, or loans with no designated use of proceeds. Also, such intermediaries are not permitted to deduct interest, handling fee, management fee or deposit from the principal of loans provided to the borrowers in advance. Any violation of the Circular 141 may result in penalties, including but not limited to suspension of operation, orders to make rectification, condemnation, revocation of license, order to cease business operation, and criminal liabilities.

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Online Games

On May 10, 2003, the Provisional Regulations for the Administration of Online Culture were issued by MOC and went into effect on July 1, 2003, it was re-promulgated on February 17, 2011 and further amended on December 15, 2017. According to these regulations, commercial entities are required to apply to the relevant local branch of MOC for an Online Culture Operating Permit to engage in online games services.

On December 30, 1997, the GAPP issued the Rules for the Administration of Electronic Publications, or the Electronic Publication Rules, which were amended on February 21, 2008 and August 28, 2015. These rules regulate the production, publishing and importation of electronic publications in the PRC and outline a licensing system for business operations involving electronic publishing. Under these rules and other regulations issued by the GAPP, online games are classified as a type of electronic production and publishing of online games is required to be done by licensed electronic publishing entities with standard publication codes. If a PRC company is contractually authorized to publish foreign electronic publications, it must obtain the approval of, and register the copyright license contract with, the GAPP.

On September 28, 2009, GAPP, the National Copyright Administration and the National Office of Combating Pornography and Illegal Publications jointly published the Notice Regarding the Consistent Implementation of the Stipulations on Three Provisions of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games or Circular 13. Circular 13 expressly prohibits foreign investors from participating in the operation of internet games via wholly owned, equity joint venture or cooperative joint venture investments in China, and from controlling and participating in such businesses directly or indirectly through contractual or technical support arrangements. In addition, according to circular 13, GAPP's approval is required for publishing any specific imported online games and any imported online game which is not examined and approved by GAPP is not allowed to be published online. It is not clear yet as to whether other PRC government authorities, such as the MOFCOM or the MIIT will support GAPP to enforce the prohibition of the VIE model that Circular 13 contemplates.

On June 4, 2009, the MOC and the Ministry of Commerce jointly issued the Notice on the Strengthening of Administration on Online Game Virtual Currency. Virtual currency is broadly defined in the notice as a type of virtual exchange instrument issued by internet game operation enterprises, purchased directly or indirectly by the game user by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored in servers provided by the internet game operation enterprises in electronic record format and represented by specific numeric units. Virtual currency is used to exchange internet game services provided by the issuing enterprise for a designated extent and time, and is represented by several forms, such as online prepaid game cards, prepaid amounts or internet game points, and does not include game props obtained from playing online games. On July 20, 2009, the MOC promulgated the Filing Guidelines on Online Game Virtual Currency Issuing Enterprises and Online Game Virtual Currency Trading Enterprises, which specifically defines issuing enterprise and trading enterprise and stipulates that a single enterprise may not operate both types of business.

On July 1, 2011, the GAPP, the MIIT, the MOE and five other governmental authorities issued a Notice on Initializing the Verification of Real-name Registration for Anti-Fatigue System on Internet Games, which took effect on October 1, 2011. This notice's main focus is to prevent minors from using an adult ID to play internet games and, accordingly, this notice imposes stringent penalty on online game operators that do not implement the required anti-fatigue and real-name registration measures properly and effectively. Options of an online game operator may be terminated if the operator is found to be in violation of this notice.

On January 15, 2011, the MOC, the MIIT and six other central government authorities jointly issued a circular entitled Implementation of Online Game Monitoring System of the Guardians of Minors, aiming to provide specific protection measures to monitor the online game activities of

minors and curb addictive online game play behaviors of minors. Under the circular, online game operators are required to adopt various measures to maintain a system to communicate with the parents or other guardians of minors playing online games and online game operators are required to monitor the online game activities of minors, and must suspend the account of a minor if so requested by the minor's parents or guardians. The monitoring system was formally implemented on March 1, 2011.

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On February 4, 2016, the MIIT and the GAPPRFT jointly issued the Online Publishing Provisions which took effect on March 10, 2016. The Online Publishing requires that any online game shall obtain approval from the State Administration of Press, Publication, Radio, Film and Television before it is launched online.

On December 1, 2016, the MOC issued the Online Game Operation Notice, which became effective on May 1, 2017. The Online Game Operation Notice standardizes rules regarding the issuance of virtual items used for online games. The Online Game Operation Notice provides that the issuance and exchange of virtual items issued by online game operators must be administered in accordance with the regulations applicable to virtual currency; that online game operators generally may not allow online game virtual currency to be exchanged for real currency or physical items; requires that, when online game operators allow users to exchange small-value physical items for virtual items, the content and value of such physical items must comply with applicable laws and regulations; and stipulates that online game operators are prohibited from providing lucky draws or lotteries that are conducted on the condition that participants contribute cash or virtual currencies in exchange for virtual items and services and must publish the results of such lucky draws or lotteries on the website of or other conspicuous location in the game and must maintain all relevant records for at least 90 days. In addition, enterprises engaged in online game operations shall require online game users to register their real names by using valid identity documents and shall limit the amount that an online game user may top up each time in each game.

Star VI and the ICP Company hold Online Culture Operating Permits with a business scope encompassing the issuance of virtual currency. They must also make certain filings with the MOC prior to the issuance of virtual currency and conduct their respective businesses in compliance with PRC law.

The ICP Company currently holds an Online Culture Operating Permit with a business scope encompassing the issuance of virtual currency issued by MOC in July 2011, has been renewed and is valid through December 30, 2020. We have adopted our own anti-fatigue and real name registration systems since December 2007.

In addition, the ICP Company obtained an Internet Publication License issued by GAPP in December 2010. In 2014, however, its Internet Publication License was revoked by State Administration of Press, Publication, Radio, Film and Television for violations related to the distribution of certain literary and video content on our reading channel, book.sina.com.cn. Our online games business are also affected because online games are classified as a type of electronic production and publishing of online games is required to be done by licensed electronic publishing entities with standard publication codes.

Online Cultural Products

The Provisional Regulations for the Administration of Online Culture described above and the Notice on Implementing the revised Provisional Regulations for the Administration of Online Culture issued by MOC in March 2011 apply to entities engaged in activities related to online cultural products. Online cultural products are classified as: (i) online cultural products particularly developed for publishing via internet, which include online music and video files (including video on demand and digital video broadcasting etc.), network games, online performing arts, online artworks, and online animation features and cartoons (including Flash animation); and (ii) online cultural products converted from audio and visual products, games, performing arts, artworks and animation features and cartoons, and published via internet. Pursuant to these legislations, commercial entities are required to apply to MOC for an Online Culture Operating Permit if they intend to engage in any of the following types of activities for the purpose of making profits:

- production, duplication, import, wholesale, retail, leasing or broadcasting of online cultural products;
- publishing of online cultural products on the internet or transmission thereof to computers, fixed-line or mobile phones, radios, television sets or gaming consoles for the purpose of browsing, reading, using or downloading such products; or
- exhibitions or contests related to online cultural products.

The ICP Company currently holds an Online Culture Operating Permit issued by MOC, which is valid through December 30, 2020, StarVI currently holds an Online Culture Operating Permit issued by MOC, which was valid through December 30, 2019. Weimeng currently holds an Online Culture Operating Permit issued by MOC, which is valid through December 30, 2020.

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Online Transmission of Audio-Visual Programs

On December 20, 2007, the State Administration for Radio, Film and Television and the MIIT jointly issued the Rules for the Administration of Internet Audio and Video Program Services, commonly known as Circular 56, which came into effect as of January 31, 2008 and was amended in 2015. Circular 56 reiterates the requirement set forth in the earlier rules that online audio/video service providers must obtain an internet audio/video program transmission license from the State Administration for Radio, Film and Television. Furthermore, Circular 56 requires all online audio/video service providers to be either wholly state owned or state controlled. According to relevant official answers to press questions published on the website of the State Administration for Radio, Film and Television on February 3, 2008, officials from the State Administration for Radio, Film and Television and the MIIT clarified that online audio/video service providers that already had been operating lawfully prior to the issuance of Circular 56 may re-register and continue to operate without becoming state owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after Circular 56 was issued. These policies have been reflected in the Application Procedure for Audio/Video Program Transmission License promulgated by the State Administration for Radio, Film and Television in 2009. Failure to obtain the internet audio/video program transmission license may subject an online audio/video service provider to various penalties, including fines of up to RMB30,000 (\$4,321), seizure of related equipment and servers used primarily for such activities and even suspension of its online audio/video services.

On December 16, 2016, the State Administration of Press, Publication, Radio, Film and Television of the PRC issued the Rules for the Administration of Video and Audio Programs on microblog, WeChat and other Social Media Platforms, or Circular 196. Circular 196 requires that any organizations that provide online streaming through social media platforms such as microblog or WeChat must obtain an internet audio/video program transmission license. For those organizations and individuals that do not hold such a license, the hosting social networking platform shall be responsible for supervising the content of the posted programs, and the scope of the programs must not exceed the scope stated on the platform's audio/video program transmission license. Similarly, film and TV dramas broadcast through social media is required to obtain a license for public airing, and social media platforms are not allowed to repost user-generated video or audio programs featuring political news.

On March 16, 2018, the State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China issued the Notice on Further Regulating the Order of Transmitting Online Audio-visual Programs. The notice prohibits all online audio/video service providers from engaging in (i) production and transmission of any unauthorized re-editing, re-dubbing or parody of other films, television programs, and online audio-visual programs, (ii) transmitting any trailers or previews of radio and television programs or audio-visual programs that have not obtained the relevant permit or completed required filing procedures. Further, any audio-visual program service provider which has not obtained the License for Online Transmission of Audio-Visual Programs may not engage in sponsorship of or any form of cooperation with any audio-visual program.

According to the Reply on Approvals for Beijing SINA Internet Information Service Co., Ltd. Engaging in the Business of Information Services Relating to Online Transmission of Audio-visual Programs issued by the State Administration for Radio, Film and Television on October 17, 2004, the ICP Company has been approved to carry out the online transmission of audio-visual programs. The ICP Company had a License for Online Transmission of Audio-Visual Programs that was issued by the State Administration for Radio, Film and Television and originally valid through April 28, 2015. In 2014, however, our License for Online Transmission of Audio-Visual Programs was revoked by the State Administration of Press, Publication, Radio, Film and Television due to certain unhealthy and indecent content from third-parties or by users on our portal, i.e., on our website www.sina.com.cn. We may not continue offering video service unless we reapply and receive the License for Online Transmission of Audio-visual Programs or find a business partner with proper licenses to incorporate to provide this service. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China We may not be able to continue offering online video services if we cannot find business partners with the required licenses.

Production of Radio and Television Programs

On July 19, 2004, the State Administration for Radio, Film and Television promulgated the Regulations for Administration on Production of Radio and Television Programs, or the Radio and TV Programs Production Regulations, which came into effect as of August 20, 2004 and were amended on August 28, 2015. The Radio and TV Programs Production Regulations provide that anyone who wishes to produce or operate radio or television programs must first obtain an operating permit.

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In October 2011, the ICP Company obtained a license for production of radio and television programs issued by Beijing Radio and Television Bureau. The license is valid through February 2019 and is subject to annual inspection. Additionally, Weimeng also holds a permit for radio and television program production and operation, with a permitted scope encompassing production of animated programs, features programs and television entertainment programs, which is valid until February 2019.

Internet Mapping Services

Under the Surveying and Mapping Law promulgated by the National People's Congress, entities engaged in surveying and mapping services should obtain a surveying and mapping qualification certificate and comply with the state's surveying and mapping criteria. According to the amended Administrative Rules of Surveying Qualification Certificate and the amended Standard for Surveying Qualification Certificate issued by the National Administration of Surveying, Mapping and Geo-information, or NASMG in August 2014 and July 2014, respectively, non-surveying and mapping enterprise is subject to the approval of the NASMG and requires a surveying and mapping qualification certificate to provide internet mapping services.

On November 26, 2015, the State Council enacted the Administrative Regulations on Maps, or the Maps Regulations, effective as of January 1, 2016. The Maps Regulations requires entities engaging in internet mapping services, such as geographic positioning, the uploading of geographic information or markings, and the development of a public map database, to obtain a relevant qualification certificate for surveying and mapping. The Maps Regulations require entities engaging in online map services to use mapping data approved by the relevant governmental authorities, host servers storing map data within the PRC, and establish a management system as well as protection measures for the data security of the online maps. The mapping data must not contain any content prohibited by the Maps Regulations, and no entities or individuals are allowed to upload or mark such prohibited content online. Further, entities engaging in internet mapping services shall keep confidential any information involving state secrets and trade secrets acquired during their work.

The ICP Company currently holds a surveying and mapping qualification certificate issued by the NASMG, which is valid till December 31, 2019. Weimeng holds a surveying and mapping qualification certificate issued by the NASMG, which is valid till December 31, 2019.

Internet Medical, Health and Drug Information Services

According to the Measures for the Administration of Internet Drug Information Services, issued by the State Drug Administration (SDA), on July 8, 2004 and revised on November 17, 2017, websites publishing drug-related information must obtain a license from SDA or its provincial departments.

The ICP Company obtained the approval for website publishing of drug-related information from Beijing Drug Administration (BDA) and SDA in December 2001 and January 2002, respectively, and has obtained a Qualification Certificate for Internet Drug Information Services issued by the BDA in December 2009. Upon expiration, the certificate has been renewed with a term valid through June 9, 2019. Weimeng currently holds a Qualification Certificate for Internet Drug Information Services issued by the BDA, which has been renewed and is valid through August 9, 2020.

Online Education

According to the Measures for the Administration of Educational websites and Online Education School released on July 5, 2000, to open educational websites and online education schools, application must be made to the administrative department overseeing education. Operation may begin only when it is inspected and approved by the administrative department. Educational websites and online education schools shall not operate without the approval of the administrative department overseeing education.

In compliance with the above regulation, the ICP Company obtained the aforementioned approvals from the Beijing Education Committee on March 21, 2002.

Information Security and Censorship

Internet content in China is also regulated and restricted from a state security point of view. The Decision Regarding the Safeguarding of Internet Security, enacted by the Standing Committee of the National People's Congress in 2000 and amended in 2009, makes it unlawful to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

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The Administrative Measures for the Security Protection of International Connections to Computer Information Network, promulgated by the Ministry of Public Security in 1997 and amended on January 8, 2011, prohibit the use of the internet in ways that, among other things, result in a leakage of state secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC's national defense affairs, state affairs and other matters as determined by the PRC authorities.

The Provisions on Technological Measures for Internet Security Protection, promulgated by the Ministry of Public Security in 2006, require all internet content provision operators to keep records of certain information about their users (including user registration information, log-in and log-out times, IP addresses, content and time of posts by users) for at least 60 days and submit the above information as required by laws and regulations. Internet content provision operators must regularly update information security systems for their websites with local public security authorities, and must also report any instances of public dissemination of prohibited content. If an internet content provision operator violates these measures, the PRC government may revoke its Internet Content Provision License and shut down its websites.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets

These laws and regulations specifically prohibit the use of internet infrastructure where it may breach public security, provide content harmful to the stability of society or disclose state secrets. According to these laws and regulations, it is mandatory for internet companies in the PRC to complete security-filing procedures and regularly update information security and censorship systems for their websites with the local public security bureau. In addition, the amended Law on Preservation of State Secrets effective on October 1, 2010 provides that whenever an internet service provider detects any leak of state secrets in the distribution of online information, it should stop the distribution of such information and report to the authorities of state security and public security. As per request of the authorities of state security, public security or state secrecy, the internet service provider should delete any content on its website that may lead to disclosure of state secrets. Failure to do so on a timely and adequate basis may subject us to liability and certain penalties given by the State Security Bureau, Ministry of Public Security and/or the MIIT or their respective local counterparts.

According to the Administrative Measures for the Administration of Commercial Website Filings for the Record, promulgated by Beijing Administration for Industry and Commerce (BAIC) in 2004, websites must comply with the following requirements:

- file with BAIC and obtain electronic registration marks;
- place the registration marks on their websites' homepages; and
- register their website names with BAIC.

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The ICP Company successfully registered its websites with BAIC on December 23, 2002. Afterwards, SINA's electronic registration mark is prominently placed on its homepage.

In addition, the State Security Bureau has issued regulations authorizing the blocking of access to any site it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets during online information distribution. The ICP Company has established an internal security committee, adopted security maintenance measures, employed full-time BBS supervisors and has been exchanging information on a regular basis with the local public security bureau with regard to sensitive or censored information and websites. Thus, it is in compliance with the governing legislation.

On July 1, 2015, the Standing Committee of the National People's Congress issued the National Security Law, which came into effect on the same day. The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of China.

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On November 7, 2016, the Standing Committee of the National People's Congress issued the Cyber Security Law, which came into effect on June 1, 2017. This is the first Chinese law that focuses exclusively on cyber security. The Cyber Security Law provides that network operators must set up internal security management systems that meet the requirements of a classified protection system for cyber security, including appointing dedicated cyber security personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cyber security incidents, and taking data security measures such as data classification, backups and encryption. The Cyber Security Law also imposes a relatively vague but broad obligation to provide technical support and assistance to the public and state security authorities in connection with criminal investigations or for reasons of national security. The Cyber Security Law also requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up. The Cyber Security Law sets high requirements for the operational security of facilities deemed to be part of the PRC's critical information infrastructure. These requirements include data localization, i.e., storing personal information and important business data in China, and national security review requirements for any network products or services that may have an impact on national security. Among other factors, critical information infrastructure is defined as critical information infrastructure that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, the national economy and people's livelihoods, or the public interest. Specific reference is made to key sectors such as public communication and information services, energy, transportation, water-resources, finance, public services and e-government. However, no official guidelines as to the scope of critical information infrastructure have been formally issued.

In addition, the Cyber Security Law requires network operators that provide network access or domain name registration services, landline or mobile phone network access, or that provide users with information publication or instant messaging services, to require users to provide a real identity when they sign up.

Online Privacy

Chinese law does not prohibit internet service providers from collecting and analyzing personal information from their users. The PRC government, however, has the power and authority to order internet service providers to submit personal information of an internet user if such user posts any prohibited content or engages in illegal activities on the internet.

Under the Several Provisions on Regulating the Market Order of Internet Information Services promulgated by the MIIT and became effective on March 15, 2012, internet service providers may not, without a user's consent, collect the user's personal information that can be used, alone or in combination with other information, to identify the user, and may not provide any user's personal information to third parties without the prior consent of the user. Internet service providers may only collect users' personal information necessary to provide their services and must expressly inform the users of the method, scope and purpose of the collection and processing of such information. They are also required to ensure the proper security of users' personal information, and take immediate remedial measures if such information is suspected to have been inappropriately disclosed. We require our users to accept a user agreement whereby they agree to provide certain personal information to us. If we are not in compliance with these provisions, the MIIT or its local counterparts may impose penalties and we may be liable for damage caused to our users. On December 28, 2012, the Standing Committee of the National People's Congress enacted the Decision to Enhance the Protection of Network Information to further enhance the protection of users' personal information in electronic form. Most requirements under this decision relevant to internet service providers are consistent with the requirements already established under the MIIT provisions discussed above, but are often stricter and broader. Under this decision, internet service providers are required to take such technical and other measures necessary to safeguard the information against inappropriate disclosure. On July 16, 2013, MIIT issued the Order for the Protection of Telecommunication and Internet User Personal Information (the Order). Most requirements under the Order that are relevant to ICP operators are consistent with the requirements already established under the MIIT provisions as discussed above. Under the Order, these requirements are often more strict and have a wider scope. If an ICP operator wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from its users whose information is being collected or used. ICP operators are also required to establish and publish their rules relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. ICP operators are required to cease any collection or use of the user personal information,

and de-register the relevant user account, when a given user stops using the relevant Internet service. ICP operators are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties. In addition, if an ICP operator appoints an agent to undertake any marketing and technical services that involve the collection or use of personal information, the ICP operator is still required to supervise and manage the protection of the information. As to penalties, in very broad terms, the Order states that violators may face warnings, fines, and disclosure to the public and, in most severe cases, criminal liability.

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Internet Copyright

The National People's Congress adopted the Copyright Law in 1990 and amended it in 2001 and 2010, respectively. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. The amended Copyright Law also requires registration of copyright pledges. The National Copyright Administration and the MII jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet on April 29, 2005 to address copyright infringement issue related to the content posted or transmitted over the internet, which became effective on May 30, 2005. According to these measures, providing internet content directly in the course of internet information service activities shall be governed by the Copyrights Law, which includes the uploading, storing, linking, search and other functions of such content directly provided over the internet without any editing, amending or selecting the stored or transmitted content.

On May 18, 2006, the State Council promulgated the Protection of the Right of Communication through Information Networks, which became effective on July 1, 2006 and amended in 2013. Under this regulation, with respect to any information storage space, search or link services provided by an internet service provider, if the legitimate right owner believes that the works, performance or audio or video recordings pertaining to that service infringe his or her rights of communication, the right owner may give the internet service provider a written notice containing the relevant information along with preliminary supporting materials proving that an infringement has occurred, and requesting that the internet service provider to delete, or disconnect the links to, such works or recordings. The right owner will be responsible for the truthfulness of the content of the notice. Upon receipt of the notice, the internet service provider must delete or disconnect the links to the infringing content immediately and forward the notice to the user that provided the infringing works or recordings. If the written notice cannot be sent to the user because the user's IP address is not known, the contents of the notice shall be published on information networks. If the user believes that the subject works or recordings have not infringed others' rights, the user may submit to the internet service provider a written explanation with preliminary supporting materials, and a request for the restoration of the deleted works or recordings. The internet service provider should then immediately restore the deleted or disconnected content and forward the user's written statement to the right owner.

According to an interpretation by PRC Supreme People's Court took effect on January 1, 2013, internet service providers will be jointly liable if they continue their infringing activities or do not remove infringing content from their websites once they know of the infringement or receive notice from the rights holder. If a network service provider economically benefits from the works, performances, and sound or visual recordings provided by the network service provider, it must pay close attention to infringement of network information transmission rights by network users.

Tort Liability Law

The PRC Tort Liability Law became effective on July 1, 2010. According to the Tort Liability Law, internet users and internet service providers bear tortious liabilities in the event that they infringe other persons' rights and interests through the internet. Where an internet user conducts tortious acts through internet services, the infringed person has the right to require the internet service provider to take necessary actions such as deleting content, screening and de-linking. A failure to take necessary actions after being informed will subject the internet service provider to joint and several liability with the internet user with regard to the additional damages incurred. Where an internet service provider knows an internet user is infringing other persons' rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user.

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Foreign Exchange

Foreign exchange regulation in China is primarily governed by the following regulations:

- Foreign Exchange Administration Rules, or the Exchange Rules, promulgated by the State Council on January 29, 1996, which was amended on January 14, 1997 and on August 5, 2008 respectively; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, or the Administration Rules, promulgated by the People's Bank of China on June 20, 1996.

Under the Exchange Rules, RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. As for capital account items, such as direct investments, loans, security investments and the repatriation of investment returns, however, the reservation or conversion of foreign currency income is still subject to the approval of SAFE or its competent local branches; while for the foreign currency payments for capital account items, the SAFE approval is not necessary for the conversion of RMB except as otherwise explicitly provided by laws and regulations.

Under the Administration Rules, enterprises may only buy, sell or remit foreign currencies at banks that are authorized to conduct foreign exchange business after the enterprise provides valid commercial documents and relevant supporting documents and, in the case of certain capital account transactions, after obtaining approval from SAFE or its competent local branches. Capital investments by enterprises outside of China are also subject to limitations, which include approvals by the MOC, SAFE and the National Development and Reform Commission, or their respective competent local branches.

SAFE promulgated a circular on November 19, 2010, or Circular No. 59, which tightens the examination on the authenticity of settlement of net proceeds from an offering and requires that the settlement of net proceeds shall be in accordance with the description in its prospectus. On March 30, 2015, the SAFE issued the Circular on Reform of the Administrative Rules of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015. Pursuant to SAFE Circular 19, foreign-invested enterprises may either continue to follow the current payment-based foreign currency settlement system or elect to follow the conversion-at-will regime of foreign currency settlement. Where a foreign-invested enterprise follows the conversion-at-will regime of foreign currency settlement, it may convert part or all of the amount of the foreign currency in its capital account into Renminbi at any time. The converted Renminbi will be kept in a designated account labeled as settled but pending payment, and if the foreign-invested enterprise needs to make payment from such designated account, it still needs to go through the review process with its bank and provide necessary supporting documents. SAFE Circular 19, therefore, has substantially lifted the restrictions on the usage by a foreign-invested enterprise of its RMB registered capital converted from foreign currencies. According to SAFE Circular 19, such Renminbi capital may be used at the discretion of the foreign-invested enterprise and the SAFE will eliminate the prior approval requirement and only examine the authenticity of the declared usage afterwards. Nevertheless, foreign-invested enterprises like our PRC subsidiary are still not allowed to extend intercompany loans to our PRC consolidated entities. In addition, as Circular 19 was promulgated recently, there remain substantial uncertainties with respect to the interpretation and implementation of this circular by relevant authorities.

Income Tax

On March 16, 2007, the National People's Congress approved and promulgated the EIT Law. On December 6, 2007, the State Council approved the Implementing Rules. Both the EIT Law and its Implementing Rules became effective on January 1, 2008. On February 24, 2017, the EIT Law was further revised. Under the EIT Law and the Implementing Rules, the enterprise income tax rate for both domestic companies and FIEs is unified at 25%.

On April 14, 2008, the Administration Measures for Recognition of High and New Technology Enterprises, or the Recognition Measures, were jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation, which sets out the standards and process for granting the high and new technology enterprises status. According to the EIT Law and its Implementing Rules as well as the Recognition Measures, enterprises which have been granted the high and new technology enterprises status shall enjoy a favorable income tax rate of 15%. As of December 31, 2017, four of our subsidiaries have obtained the Certificate for High and New Technology Enterprises and enjoyed a favorable tax rate under the EIT Law. The New EIT Law and its implementation rules also provide that software enterprises enjoy a two-year income tax exemption starting from the first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years. As of December 31, 2017, Weibo Technology, qualified as software enterprises, started to enjoy the relevant tax holiday from its first accumulative profitable year in 2015 and has been subject to a reduced enterprise income tax rate of 12.5% since 2017.

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The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose de facto management body is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules merely defines the location of the de facto management body as the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located. The State Tax Administration issued the Circular regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the de facto management body of a Chinese-controlled offshore-incorporated enterprise is located in China. The State Administration of Taxation issued the Bulletin regarding the Administrative Measures on the Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Interim) on July 27, 2011, which became effective on September 1, 2011 and amended on April 17, 2015 and June 28, 2016, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not companies like us, the determining criteria set forth in Circular 82 and the bulletin may reflect the State Administration of Taxation's general position on how the de facto management body test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Based on a review of surrounding facts and circumstances, we do not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, should we be treated as a resident enterprise for PRC tax purposes, we will be subject to PRC tax on worldwide income at a uniform tax rate of 25% retroactive to January 1, 2008.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China if such immediate holding company is considered a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Such withholding income tax was exempted under the previous EIT Law. The Cayman Islands, where our holding Company is incorporated, does not have such tax treaty with China. According to the Arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a foreign-invested enterprise in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation further promulgated a circular, or Circular 601, on October 27, 2009, which provides that the tax treaty benefits will be denied to conduit or shell companies without business substance and that a beneficial ownership analysis will be used based on a substance-over-form principle to determine whether or not to grant the tax treaty benefits. A majority of our subsidiaries in China are directly held by our Hong Kong subsidiaries. If we are regarded as a non-resident enterprise and our Hong Kong subsidiaries are regarded as resident enterprises, then our Hong Kong subsidiaries may be required to pay a 10% withholding tax on any dividends payable to us. If our Hong Kong entities are regarded as non-resident enterprises, then our PRC subsidiaries may be required to pay a 5% withholding tax for any dividends payable to our Hong Kong subsidiaries, however, it is still unclear at this stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to our Hong Kong subsidiaries, and if our Hong Kong subsidiaries were not considered as beneficial owners of any dividends from their PRC subsidiaries, whether the dividends payable to our Hong Kong subsidiaries would be subject to withholding tax at a rate of 10%.

The EIT Law and its Implementation Rules have made an effort to scrutinize transactions between related parties. Pursuant to the EIT Law and its Implementation Rules, the tax authorities may impose mandatory adjustment on tax due to the extent a related party transaction is not in line with arm's-length principle or was entered into with a purpose to reduce, avoid or delay the payment of tax. On January 8, 2009, the State Administration of Taxation issued the Implementation Measures for Special Tax Adjustments (Trial), which clarifies the definition of related party and sets forth the tax-filing disclosure and documentation requirements, the selection and application of transfer pricing methods, and transfer pricing investigation and assessment procedures.

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Pursuant to the SAT Circular 7, except for a few circumstances falling into the scope of the safe harbor provided by SAT Circular 7, such as open market trading of stocks in public companies listed overseas, if a non-PRC resident enterprise indirectly transfers PRC taxable properties (i.e. properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise) by disposing of equity interest or other similar rights in an overseas holding company, without a reasonable commercial purpose and resulting in the avoidance of PRC enterprise income tax, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose, such as whether the main value of equity interest in an overseas holding company is derived directly or indirectly from PRC taxable properties. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law without considering other factors set out by SAT Circular 7: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. SAT Circular 7 also introduces an interest regime by providing that where a transferor fails to file and pay tax on time, and where a withholding agent fails to withhold the tax, interest will be charged on a daily basis. If the transferor has provided the required documents and information or has filed and paid the tax within 30 days from the date that the share transfer contract or agreement is signed, then interest shall be calculated based on the benchmark interest rate; otherwise, the benchmark interest rate plus 5% will apply. Both the foreign transferor and the transferee, and the PRC tax resident enterprise whose equity interests are being transferred may voluntarily report the transfer by submitting the documents required in SAT Circular 7.

Business Tax and Value-Added Tax

Before a pilot program (the Pilot Program) launched by the PRC government in 2012, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenues generated from providing such services, while our MVAS business is subject to a business tax rate of 3%. However, if the services provided are related to technology development and transfer, such business tax may be exempted subject to approval by the relevant tax authorities.

Pursuant to the Pilot Program, a VAT was initially implemented in Shanghai starting January 1, 2012 to replace the business tax in certain modern service industries. Effective September 1, 2012, the Pilot Program was expanded to eight other cities and provinces in China, including Beijing. Beginning from August 1, 2013, the Pilot Program was expanded to all regions in PRC. Further, from May 2016, VAT will be implemented comprehensively across the country and replace business tax in finance, construction, real estate and daily life service industries. With the implementation of the Pilot Program, we are subject to 6.7% VAT and surcharges and 3% cultural business construction fees for certain parts of our advertising business. Our MVAS revenue is switched into VAT since June 2014 and subject to 6.7% VAT and surcharges.

Labor and Work Safety

The Labor Law of the PRC, or the Labor Law, which became effective on January 1, 1995 and was amended on August 27, 2009, provides basic protections for employees. For examples, employers should sign labor contracts with employees if labor relationships are to be established; employers cannot compel employees to work beyond the time limit and should promptly pay wages not lower than local minimum wage standards to employees; employers shall establish and improve occupational safety and health policies and procedures and strictly abide by applicable PRC rules and standards on labor safety and health; and female employees and juvenile employees are given special protection.

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On June 29, 2007, the National People's Congress of China enacted the Labor Contract Law, which became effective on January 1, 2008. The Labor Contract Law was amended on December 28, 2012 and came into effect on July 1, 2013. On September 18, 2008, the State Council promulgated the Regulations on Implementation of the Labor Contract Law. Compared to the Labor Law, the Labor Contract Law and its implementing regulations impose more restrictions on employers. Such restrictions include specific provisions related to fixed term employment contracts, temporary employment, probation, consultation with the labor union and employee assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labor Contract Law and its implementing regulations, an employer is obliged to sign a non-fixed term employment contract with an employee if the employer intends to renew employment relationship with such employee after two consecutive fixed term employment contracts. The employer also has to compensate the employee if the employer terminates the unlimited term labor contract, unless the employee refuses to extend an expired employment contract under terms which are the same or more favorable than those in the expired contract. Further, under the Regulations on Paid Annual Leave for Employees, which became effective on January 1, 2008, employees who have worked more than one year for an employer are entitled to a paid vacation ranging from 5 to 15 days, depending on their accumulative length of services. Employees who waive such vacation time at the request of employers shall be compensated for three times of their daily salaries for each waived vacation day.

Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

The General Office of the State Council promulgated the Notice on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Notice, on February 3, 2011. The Security Review Notice apply to the mergers and acquisitions of domestic enterprises by foreign investors that involves national security, including enterprises relating to military, national defense, important agricultural products, important energies and resources, important infrastructural facilities, important transportation services, key technologies, and manufacturing of major equipment. The joint ministerial meeting is appointed as the authority in carrying out the security review.

To specify the implementation and procedural matters, the MOFCOM enacted the Interim Measures on Related Matters on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors which were effective from March 5, 2011 to August 31, 2011 and the Provisions on the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Provisions, which became effective on September 1, 2011. The Security Review Provisions determine whether a merger or acquisition of a domestic enterprise by a foreign investor falls within the scope of the national security review based on the substance and actual impact of the transaction and prohibit any transactions attempting to bypass such security review, including by controlling entities through contractual arrangements.

For a description of how uncertainties in Chinese regulations may affect our business, please see Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China. The Chinese government may prevent us from advertising or distributing content that it believes is inappropriate and we may be liable for such content or we may have to stop profiting from such content.

C. Organizational Structure

SINA is the parent company of our group and conducts business operations in China through wholly owned and partially owned subsidiaries and VIEs. The following diagram illustrates our corporate structure as of the date of this annual report:

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(1) Shareholders of the IAD Company include two of nominee shareholders, Y. Liu and W. Wang, each holding 50% of IAD Company equity interest. The registered capital of the IAD Company is \$24.8 million.

(2) Shareholders of the ICP Company including H. Du, our executive officer, holding 27.3% equity interest, G. Wang, the chief executive officer of Weibo, holding 22.8% equity interest. The remaining equity interest is held by D. Lin and F. Cao, two nominee shareholders of our company, holding 22.8% and 27.1% of ICP Company's equity interest, respectively. The registered capital of the ICP Company is \$121.7 million.

(3) Shareholders of StarVI include nominee shareholders, G. Wang, L. Wei and H. Du, holding 40%, 30% and 30% of StarVI's equity interest, respectively. The registered capital of StarVI is \$1.2 million.

(4) Shareholders of Weimeng include four nominee shareholders, Y. Liu, W. Wang, W. Zheng and Z. Cao, holding 30%, 30%, 20% and 20% of Weimeng's equity interest, respectively. The registered capital of Weimeng is \$84.9 million.

(5) Beijing Sina Payment Technology Co., Ltd. (SINA Pay) is an online payment service company wholly owned by the ICP Company. The registered capital of SINA Pay is \$15.7 million.

(6) Beijing Weibo Interactive Technology Co., Ltd. (Weibo Interactive), an online-game platform company, was acquired by the IAD Company in May 2013. The entire equity interest in Weibo Interactive was transferred to Weimeng in December 2013. The registered capital of Weibo Interactive is \$8.7 million.

(7) The nominee shareholders of our VIEs have immaterial stake in our company.

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Contractual Arrangements with VIEs and Their Respective Shareholders

In order to comply with the PRC government's foreign investment restrictions on internet information services and other laws and regulations, we conduct all our internet information services, advertising and MVAS in China via our significant domestic VIEs:

The capital investments in these VIEs were funded by SINA through SINA's wholly or partially owned subsidiaries and recorded as interest-free loans to the employees. As of December 31, 2017, the total amount of interest-free loans to the employee shareholders of the VIEs listed above and the other inactive VIEs was \$262.2 million. Under various contractual agreements, employee shareholders of the VIEs are required to transfer their ownership in these entities to our subsidiaries in China when permitted by PRC laws and regulations or to our designees at any time for the amount of outstanding loans, and all voting rights of the VIEs are assigned to our wholly owned subsidiaries in China. Our subsidiaries in China have the power to appoint all directors and senior management personnel of the VIEs. Through our subsidiaries in China, we have also entered into exclusive technical agreements and other service agreements with the VIEs, under which these subsidiaries provide technical services and other services to the VIEs in exchange for substantially all of the economic benefits of the VIEs. In addition, our employee shareholders of the VIEs have pledged their shares in the VIEs as collateral for non-payment of loans or for fees on technical and other services due to us.

The following is a summary of the VIE agreements between our wholly owned subsidiary STC, our VIE ICP Company and ICP Company's shareholders:

Loan Agreements. STC has granted interest-free loans to the shareholders of the ICP Company with the sole purpose of providing funds necessary for the capital injection of the ICP Company. The terms of the loans are ten years in general. STC, at its own discretion, has the right to shorten or extend the terms of the loans if necessary. These loans were eliminated with the capital of the VIEs during consolidation.

Share Transfer Agreements. Each shareholder of the ICP Company has granted STC an option to purchase his/her shares in the ICP Company at a purchase price equal to the amount of capital injection. STC may exercise such option at any time until it has acquired all shares of the ICP Company, subject to applicable PRC laws. The options will be effective until the earlier of (i) the shareholders of the ICP Company and STC have fully performed their obligations under this agreement, or (ii) the shareholders of the ICP Company and STC agree to terminate the share transfer agreement in writing.

Loan Repayment Agreements. Each shareholder of the ICP Company and STC have agreed that the interest-free loans under the loan agreements shall only be repaid through share transfer. Once the share transfers are completed, the purchase price for the share transfer will be offset against the loan repayment. The loan repayment agreements will be effective until the earlier of (i) the shareholders of the ICP Company and STC have fully performed their obligations under the respective agreement, and (ii) the shareholders of the ICP Company and STC agree to terminate the share transfer agreement in writing.

Agreements on Authorization to Exercise Shareholder's Voting Power. Each shareholder of the ICP Company has authorized STC to exercise all his/her voting power as a shareholder of the ICP Company. The authorizations are irrevocable and will not expire until the ICP Company dissolves. Modification, supplement or adjustment of the terms may only be made with the consents from STC.

Share Pledge Agreements. Each shareholder of the ICP Company has pledged all his/her shares in the ICP Company and all other rights relevant to the share rights to STC as a collateral security for his/her obligations to pay off all debts to STC under the loan agreement and for the payment obligations of the ICP Company under the trademark license agreement and the technical services agreement. In the event of default of any payment obligations, STC will be entitled to certain rights, including transferring the pledged shares to itself and disposing of the pledged shares through sale or auction. During the term of each agreement, STC is entitled to receive all dividends and distributions paid on the pledged shares. The pledges will be effective until the earlier of (i) the three-year anniversary of the due date of the last guaranteed debt, (ii) the ICP Company and the shareholders of the ICP Company have fully performed their obligations under the above-referred agreements, or (iii) STC has unilaterally consented to terminate the respective share pledge agreement.

Exclusive Technical Services Agreement. The ICP Company has entered into an exclusive technical services agreement with STC pursuant to which STC is engaged to provide certain technical services to the ICP Company. This exclusive technical services agreements can only be prematurely terminated by STC and will not expire until the respective VIEs dissolve, with the services fee being adjusted annually through written agreements. Due to its control over the ICP Company, STC has the right to determine the service fees to be charged to the ICP Company by considering, among others, the technical complexity of the services, the actual costs that may be incurred for providing the services, the operations of the ICP Company, applicable tax rates, planned capital expenditures and business strategies.

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Particularly, the ICP Company has engaged STC to provide technical services for its (i) online advertising and other related businesses, and (ii) value-added telecommunication and other related businesses. The ICP Company is obligated to pay service fees to STC.

Exclusive Sales Agency Agreement. The ICP Company has granted STC the exclusive right to distribute, sell and provide agency services for all the products and services provided by the ICP Company. These exclusive sales agency agreements can only be prematurely terminated by STC and will not expire until the ICP Company dissolves. We have entered into the Exclusive Sales Agency Agreements to allow us to generate revenues from the The ICP Company in the form of sales agency fees if we decide to enter into sales agency arrangements with the VIEs in the future (when permitted under PRC laws).

Trademark License Agreement. STC has granted the ICP Company trademark licenses to use the trademarks held by STC in specific areas, and the ICP Company is obligated to pay license fees to STC. The term of these agreements is one year and is automatically renewed provided there is no objection from STC. In addition, only STC may terminate the respective trade license agreement prematurely.

(i) STC, our VIE IAD Company and IAD Company's shareholders, (ii) our subsidiary Star Shining, our VIE StarVI and StarVI's shareholders, and (iii) our subsidiary Weibo Technology, our VIE Weimeng and Weimeng's shareholders have also entered in to VIE agreements in substantially the same form as described above, except for the below specific services provided under the exclusive technical services agreement.

IAD Company has engaged to provide technical services for its (i) online advertising and other related businesses, and (ii) value-added telecommunication and other related businesses. Pursuant to changes in applicable PRC laws in 2008, we established two wholly owned subsidiaries to engage directly in online advertising and related businesses.

StarVI has engaged Star Shining to provide technical services for its internet information service and Star Shining has the sole right to appoint any company or companies at its discretion to perform such technical services.

Weimeng has engaged Weibo Technology to provide technical services for its online advertising and other related businesses.

Although we have been advised by our PRC counsel, TransAsia Lawyers, that our arrangements with the VIEs are not in conflict with the current PRC laws and regulations, we cannot assure you that we will not be required to restructure our organization structure and operations in China to comply with changing and new PRC laws and regulations. Restructuring of our operations may result in disruption to our business. If PRC tax authorities were to determine that our transfer pricing structure was not done on an arm's length basis and therefore constitutes a favorable transfer pricing, they could request that our VIEs adjust their taxable income upward for PRC tax purposes. Such a pricing adjustment may not reduce the tax expenses of our subsidiaries but could adversely affect us by increasing our VIEs' tax expenses, which could subject our VIEs to late payment fees and other penalties for underpayment of taxes and/or could result in the loss of tax benefits available to our subsidiaries in China. Any of these measures may result in adverse tax consequences to us and adversely affect our results of operations.

D. Property, Plant and Equipment

The majority of our operations are in China, where we have offices in Beijing, Tianjin, Shanghai, Guangzhou and Shenzhen. Our offices at SINA Plaza in Beijing, comprising approximately 132,000 square meters, hold our principal sales, marketing and development facilities. We also have sales, marketing and other operations at satellite offices across China.

In addition to SINA Plaza that we owned, we also lease office facilities under non-cancelable operating leases with various expiration dates through 2022. Our servers are primarily maintained at China Telecom and China Unicom branches in cities across China, including Beijing, Shanghai, Guangzhou and Tianjin. We also have servers located at various internet data centers in Taipei, Taiwan, San Jose, California and Hong Kong.

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ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words expect, anticipate, intend, believe, the negative of such terms or other comparable terminology. All forward-looking statements included in this document are based on information available to us on the date hereof, and we undertake no obligation to update any such forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We caution you that our business and repetitive financial performance are subject to substantial risks and uncertainties, including the factors identified in Item 3. Key Information D. Risk Factors, that could cause actual results to differ materially from those in the forward-looking statements.

A. Operating Results

Overview

We are an online media company serving China and the global Chinese communities. Our digital media network of SINA.com (portal), SINA mobile (mobile applications and mobile portal), Weibo (social media) enable internet users to access professional media and UGC in multimedia formats from the web and mobile devices and share their interests with friends and acquaintances.

SINA.com. SINA.com offers distinct and targeted professional content on each of its region-specific websites and a range of complementary offerings. Over years, we have built a broad content network with thousands of professional media partners and accumulated a large mainstream user base, including well-educated, white-collar professionals.

SINA mobile. We also provide news information and entertainment content customized for mobile users through mobile applications, such as SINA News, SINA Finance, SINA Sports, SINA Entertainment and SINA Blog, as well as through our mobile portal, SINA.cn.

Weibo. Based on an open platform architecture to host organically developed and third party applications, Weibo is a form of social media, featuring microblogging services and social networking services that allow users to connect and share information anywhere, anytime and with anyone on our platform. In December 2017, Weibo had 392 million MAUs and 172 million average DAUs, increasing from 313 million MAUs and 139 million average DAUs in December 2016, with approximately 93% MAUs accessed Weibo from mobile devices at least once during the month.

Through these properties and other product lines, we offer an array of online media and social media services to our users to create a rich canvas for businesses and advertisers to effectively connect and engage with their targeted audiences. We offer both brand advertising services in display ad formats and performance-based online marketing solutions on SINA portal, SINA mobile and Weibo, such as promoted feeds.

The primary focus of our operations is in China, where the majority of our revenues are derived. We have grown in recent years, except for 2009 when China was impacted by the global financial crisis. Our online advertising business in China has been robust due to a growing local economy, increase in internet users and the shift of advertising budgets from traditional media to online media. As the growth of the Chinese economy slowed in recent years, our online advertising business was impacted by the budget limitations of certain large brand advertisers. Nevertheless, since Weibo launched a full spectrum of advertising and marketing solutions tailored made to brand advertisers, SMEs as well as to Alibaba and e-commerce merchants, we witnessed healthy growing trends in each customer segment, which helped increase our online advertising revenue in 2017. The success of our online advertising business is tied to the size and vitality of the China's economy. Any prolonged economic slowdown in China may cause our customers to decrease or delay their online marketing spending and could negatively affect our ability to grow our online advertising business.

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Factors directly affecting the growth of our online advertising business include: (1) our ability to increase awareness of our brand and continue to build user loyalty; (2) our ability to attract a larger audience to our network; and (3) our ability to attract new advertisers and increase the average spending of our existing advertisers. The performance of our online advertising and other businesses also depends on our ability to react to risks and challenges, including:

- our ability to adapt our content, product offerings and monetization model to the increasing usage of smart phones, tablets and other mobile devices and sustain the monetization of PC traffic while the proportion of internet traffic shifts to mobile;
- increasing competition in the core areas of our business, including mobile, video, portal verticals (including news, auto, finance and sports) and social media;
- our ability to achieve sustainable revenue growth and profitability for our social media Weibo;
- our ability to continue to increase the strength of our brands and develop new brands successfully in the marketplace;
- our ability to keep up with the rapid technological changes of the internet industry and develop and introduce new products and services;
- our ability to meet internal or external expectations of future performance;
- the ability of the online advertising market in China to continue to grow and the rate of such growth;
- China's complex legal system governing the internet and advertising related industries;
- Changes in practice, policy or law by the Chinese government in connection with our advertising and other businesses;

- the performance of our equity investments; and
- the risks associated with our control over our variable interest entities.

Our MVAS revenues have been declining in recent years as mobile users in China continue to upgrade from feature phones to smartphones and the adoption of Wi-Fi connections and 3G/4G networks continue to increase. We are shifting our resources away from MVAS to other fee-based services, such as Weibo VAS, to address the changing demands in China.

We have made significant investments in the development of Weibo and other initiatives, such as expanding our online video offerings, growing our user traffic and attracting new advertisers and partners to better position us for the future. Such initiatives have increased our spending in product and partnership development, advertising and promotion, content purchases and infrastructure procurement. We expect to continue to increase our investments in Weibo and other products in absolute dollar terms in the near future, which may continue to hamper our gross margin and profitability.

Our portal business faced challenges in growing our advertising revenue in near term with accelerated user migration to mobile terminals and diversification of customer marketing spendings on various internet advertising sectors. We have renovated our legacy business by focusing on mobile front to gain market share, build up our advertising system, expand our customer base, and enable transactions and execute vertical strategies to diversify our revenue source. During the transformation process, we expect to incur more costs and expenses in near term to build up new talent pool and make investments in product innovation and business opportunities to achieve growth in long-term perspective. The investment in talents and products may reduce our gross margin and profitability in near term. In 2016, we provided an impairment of \$36.7 million on our portal advertising segment taking into consideration a number of factors, including but not limited to the expected future cash flows and revenue growth rates.

Taxation

We generate the majority of our operating income (loss) from our PRC operations and have recorded income tax provisions (benefits) for the periods presented.

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Cayman Islands

According to Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Hong Kong

Our subsidiaries incorporated in Hong Kong, are subject to Hong Kong profit tax at a rate of 16.5%. Hong Kong does not impose a withholding tax on dividends.

China

Effective January 1, 2008, the EIT Law in China supersedes the previous EIT Law and unifies the income tax rate for domestic enterprises and FIEs at 25%. High and new technology enterprises continue to enjoy a preferential tax rate of 15%. As of December 31, 2017, four of our subsidiaries were qualified as high and new technology enterprises and enjoy a preferential tax rate of 15% under the new EIT Law.

On February 22, 2008, relevant governmental regulatory authorities released qualification criteria, application procedures and assessment processes for software enterprises, which were updated in April 2013. An entity qualified as a software enterprise may enjoy an income tax exemption for two years beginning with its first profit making year and a reduced tax at a rate of 12.5% for the subsequent three years. Weibo Technology, qualified as software enterprises, started to enjoy the relevant tax holiday from its first accumulative profitable year in 2015 and has been subject to a reduced enterprise income tax rate of 12.5% since 2017.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose de facto management body is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely defines the location of the de facto management body as the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located. Based on a review of surrounding facts and circumstances, we do not believe that our operation outside of the PRC is likely to be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and short implementation history of the EIT Law, should we be treated as a resident enterprise for PRC tax purposes, we would be subject to PRC tax on our worldwide income at a uniform tax rate of 25% retroactive to January 1, 2008.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered a non-resident enterprise without any establishment or place within China or if the

received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where our holding company is incorporated, does not have such tax treaty with China. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation further promulgated a circular, or Circular 601, on October 27, 2009, which provides that the tax treaty benefits will be denied to conduit or shell companies without business substance and that a beneficial ownership analysis will be used based on a substance-over-form principle to determine whether or not to grant the tax treaty benefits. A majority of our FIEs' operations in China are invested and held by Hong Kong registered entities. If we are regarded as a non-resident enterprise and our Hong Kong subsidiaries are regarded as resident enterprises, then our Hong Kong subsidiaries may be required to pay a 10% withholding tax on any dividends payable to us. If our Hong Kong entities are regarded as non-resident enterprises, then our PRC subsidiaries may be required to pay a 5% withholding tax for any dividends payable to our Hong Kong subsidiaries. However, it is still unclear at this stage whether Circular 601 applies to dividends paid from our PRC subsidiaries to our Hong Kong subsidiaries. If our Hong Kong subsidiaries were not considered as beneficial owners of any dividends from their PRC subsidiaries, the dividends payable to our Hong Kong subsidiaries would be subject to withholding tax at a rate of 10%. In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. We do not have any present plan to have our subsidiaries to distribute their earnings overseas, and we intend to retain most, if not all, of our available funds and any future earnings in China to operate and expand our business within the PRC. Accordingly, we did not record any withholding tax on the retained earnings of our subsidiaries in the PRC as of December 31, 2017.

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Our VIEs are wholly owned by our employees or designated personnel and controlled by us through various contractual agreements. To the extent that these VIEs have undistributed earnings, we will accrue appropriate expected tax associated with repatriation of such undistributed earnings.

We did not recognize any amount of unrecognized tax benefits and related interest and penalties in our financial statement during the presented periods in accordance with ASC740-10. Included in the long-term liabilities as of December 31, 2016 and 2017, respectively, there was approximately \$0.6 million unrecognized tax liability, arising from transferring pricing arrangements between related parties in previous periods, which is immaterial to our consolidated financial statements for all periods presented. We do not expect any significant increase or decrease in this unrecognized tax liability within 12 months following the reporting date. In general, the PRC tax authorities have up to five years to review a company's tax filings. Accordingly, tax filings of our PRC subsidiaries and VIEs for tax years 2013 through 2017 remain subject to the review by the relevant PRC tax authorities. In the case of a transferring pricing related adjustment, the statute of limitation is ten years, which indicates that such arrangement will open for examination by PRC tax authorities.

In February 2015, the State Administration of Tax issued the Announcement on Several Issues Related to Enterprise Income Tax for Indirect Asset Transfer by Non-PRC Resident Enterprises, or SAT Circular 7, if a non-resident enterprise transfers the equity interests of or similar rights or interests in overseas companies which directly or indirectly own PRC taxable assets through an arrangement without a reasonable commercial purpose, but rather to avoid PRC corporate income tax, the transaction will be re-characterized and treated as a direct transfer of PRC taxable assets subject to PRC corporate income tax. SAT Circular 7 specifies certain factors that should be considered in determining whether an indirect transfer has a reasonable commercial purpose. However, as SAT Circular 7 is newly issued, there is uncertainty as to the application of SAT Circular 7 and the interpretation of the term "reasonable commercial purpose." In June 2015, according to communication with local tax authority in China, our sale of shares in Weibo during its initial public offering was categorized as an indirect transfer of taxable assets in China, and as such our capital gain from this transaction is subject to PRC withholding tax at rate of 10%. We have paid such tax in full in 2015. Although we believe that it is more likely than not all of our other equity transfers during the presented periods would be determined as one with a reasonable commercial purpose, should this not be the case, we would be subject to a significant withholding tax that could materially and adversely affect our financial condition, results of operations and cash flows.

For further information on our tax structures and inherent risks see Item 3. Key Information D. Risk Factors Risk Related to Doing Business in China Discontinuation of preferential tax treatment, changes to the interpretation or enforcement of tax regulations or imposition of any additional taxes could adversely affect our financial condition and results of operations.

Inflation

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2015, 2016 and 2017 increases of 1.4%, 2.0% and 1.6%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Critical Accounting Policies, Judgments and Estimates

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The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgment areas, including those related to revenue recognition, allowance for doubtful accounts, stock-based compensation, taxation, net income (loss) per share, business combination, fair value, goodwill and other long-lived assets long-term investments and convertible debt. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from such estimates under different assumptions or conditions.

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We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

Revenue Recognition

Advertising

Our advertising revenues are derived principally from online advertising and marketing, including display advertising and promoted marketing, and, to a lesser extent, sponsorship arrangements. Display advertising arrangements allow advertisers to place advertisements on particular areas of our websites or platform, in particular formats and over particular periods of time. We enter into cost per day (CPD) advertising arrangements with customers, under which we recognize revenues ratably over the contract periods, when the collectability is reasonably assured. We also enter into cost per mille (CPM), or cost per thousand impressions, advertising arrangements with customers, under which we recognize revenues based on the number of times that the advertisement has been displayed.

Promoted marketing arrangements are primarily priced based on CPM or cost per engagement (CPE). An engagement may include when a user clicks on a link, becomes a follower of the marketing customer account, shares the promoted feed or marks the feed as a favorite. Under the CPM model, our customers are obligated to pay when the advertisement is displayed, while under the CPE model, our customers are obligated to pay based on the number of engagements with the marketing feed.

Sponsorship arrangements allow advertisers to sponsor a particular area on our websites in exchange for a fixed payment over the contract period. Advertising revenues from sponsorship are recognized ratably over the contract period. Advertising revenues derived from the design, coordination and integration of online advertising and sponsorship arrangements to be placed on our websites are recognized ratably over the term of such arrangements.

In addition, we have certain sales transactions that involve multiple element arrangements (arrangements with more than one deliverable), which required the arrangement consideration be allocated to all deliverables at the inception of the arrangement on the following basis (a) vendor-specific objective evidence (VSOE) of selling price, if it exists, otherwise, (b) third-party evidence (TPE) of the selling price. If neither (a) nor (b) exists, then use (c) management's best estimate of the selling price of the deliverable. We primarily uses VSOE to allocate the arrangement consideration if such selling price is available. For the deliverables that have not been sold separately, the best estimate of the selling price has taken into consideration of the pricing of advertising areas of our websites or platform with similar popularities and advertisements with similar formats and quoted prices from competitors and other market conditions. Revenues recognized with reference to best estimate of selling price were immaterial for all periods presented. We recognize revenue on the elements delivered and defers the recognition of revenue for the undelivered elements until the remaining obligations have been satisfied. Changes in judgments on these assumptions and estimates could materially impact the timing or amount of revenue recognition.

Portal Non-advertising Revenues

Online payment services

We provide online payment service for internet merchants and earn transaction fees from fund transfer transactions. Revenues resulting from these transactions are recognized when transactions are completed. Transaction fee is charged based on certain criteria (such as account type and volume of payments) for funds they receive.

Online loan facilitation services

We provide lending related services in which we match lenders to borrowers and facilitate the execution of loan agreements between them, with the term of loan generally within three months. We are obligated to recommend borrowers to lenders from certain mobile platform and to provide a credit assessment on potential borrowers to lenders to facilitate lenders in making their own lending decision. In light of the above, we determined that we only facilitate transactions between lenders and borrowers, and are not lenders ourselves. Accordingly we do not record loans receivable and payable arising from these loans. We earn loan facilitation service fees from borrowers based on an agreed fixed percentage of loan amount. We also provide guarantee on the principal, interest payment and penalty fee of the defaulted loans to lenders. We determined that the financial guarantee was within the scope of ASC 460-10 Guarantees and recognized it as a separate liability at inception, with the remaining consideration recognized as revenues under ASC 605-25. The value of guarantee liability was estimated with the consideration of discounting expected future payouts, net expected collection rates and a discount rate for time value. The revenue from loan matching service is recognized when our facilitation obligation is completed, which is generally at the loan inception date. Subsequent to the draw-down of the loan, the guarantee liability initially recognized by us would typically be reassessed in each period end of financial statements as we are released from risk under the guarantee either through expiry or cash out. Upon the occurrence of any triggering event or condition under the guarantee, we obtain the recourse rights from the lender to recover the amounts paid under the guarantee.

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Weibo value added services

Weibo value added services allow our users to subscribe to services on Weibo's websites or platform, mainly including game-related services, Weibo VIP membership and data licensing. Revenues from these services are recognized over the periods in which the services are performed, provided that no significant obligations remain, collection of the receivables is reasonably assured and the amounts can be accurately estimated.

Game related revenues

The majority of the game-related revenues are generated from the purchase of virtual items by game players through our platforms. We collect payments from the game players in connection with the sale of virtual currency, which will later be converted by game player into in-game credits (game tokens) that can be used to purchase virtual items in online games. We remit certain predetermined percentages of the proceeds to the game developers when the virtual currency is converted into in-game credits.

We have determined that the game developers are the primary obligors for the game-related services, based on whether the game developers are responsible for developing, maintaining and updating the online games and have reasonable latitude to establish the prices of virtual items for which in-game credits are used. Revenue is recorded on a gross basis for games that we are acting as the principal in fulfilling all obligations related to the games and revenue is recorded net of predetermined revenue sharing with the game developers for games in which our primary responsibility is to promote the games of the third-party developers, provide virtual currency exchange services, maintain the platform for game players to easily access the games and offer customer support to resolve registration, log-in, currency exchange and other related issues.

Virtual currencies in general are not refundable once they have been sold unless there are unused in-game credits at the time a game is discontinued. Sales of virtual items are recognized as revenues over the estimated consumption period of in-game virtual items, which is typically from a few days to one month after the purchase of in-game credits. Virtual currency sold for game-related services in excess of recognized revenue is recorded as deferred revenues.

Game-related revenues recognition involves management judgments, such as the determination of who is the principal in providing game-related services and estimating the consumption period of in-game credits. We assess the estimated consumption period periodically, taking into consideration of the actual consumption information, types of virtual items offered in the game and user behavior patterns, including average recharge interval and estimated user relationship on the game. Using different assumptions to calculate the revenue recognition of games-related revenues may cause the results to be significantly different. Any adjustments arising from changes in the estimate would be applied prospectively on the basis that such changes are caused by new information indicating a change in the user behavior pattern.

Weibo VIP membership and data licensing

Weibo VIP Membership is a service package consisting of user certification and preferential benefits, such as daily priority listings and higher quota for following user accounts. Prepaid VIP membership fees are recorded as deferred revenue and recognized as revenue ratably over the contract period of the membership service.

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We began to offer data licensing that allows our customers to access, search and analyze historical and real-time data on our platform. The data licensing arrangement is for a fixed period, typically one year, and such revenue is recognized ratably over the contract period.

Deferred Revenues

Deferred revenues are mostly derived from a licensing agreement with Leju and contractual billings in excess of recognized revenue and payments received in advance of revenue recognition, which are mainly from the customer advance of advertising and marketing services. Deferred revenues represent the unamortized balance of license fees or service fee paid by third parties, and the deferred revenues are amortized on a straight-line basis through the service period.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts which reflects our best estimate of amounts that potentially will not be collected. We determine the allowance for doubtful accounts based on factors such as historical experience, credit-worthiness and age of receivable balances. If the financial condition of the customers were to deteriorate and result in an impairment of their ability to make payments, or if the operators decide not to pay us, additional allowances may be required which could materially impact our financial condition and results of operations. Allowance for doubtful accounts charged to our income statement was \$14.9 million, \$14.6 million and \$8.5 million for 2015, 2016 and 2017, respectively.

Stock-based Compensation

Stock-based compensation cost is measured at the grant date based on the estimated fair value of the award and is recognized as an expense on a straight-line basis, net of estimated forfeitures, over the requisite service period, which is generally the vesting period. We use the Black-Scholes option pricing model to determine the estimated fair value of share options. The determination of the estimated fair value of stock-based compensation awards on the grant date using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables, including our expected share price volatility over the term of the awards, actual and projected employee share option exercise behaviors, risk-free interest rate and expected dividends. Shares of our subsidiary, which do not have quoted market prices, were valued based on the income approach, if a revenue model had been established, the market approach, if information from comparable companies had been available or a weighted blend of these approaches if more than one is applicable.

We recognize the estimated compensation cost of service-based restricted share units based on the fair value of the corresponding ordinary shares on the date of the grant. We recognize the compensation cost, net of estimated forfeitures, over a vesting term of generally four years.

For service-based restricted stock awards and performance-based restricted stock awards, we recognize the compensation expense only when it is probable that those awards expected to meet the performance and service vesting condition on a straight-line basis over the requisite service period.

Furthermore, we are required to estimate forfeitures at the time of grant and record stock-based compensation expense only for those awards that are expected to vest. If actual forfeitures differ materially from our estimated forfeitures, we may need to revise those estimates used in subsequent periods.

Taxation

Income tax

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Management is required to make assumptions, judgments and estimates to determine our current provision for income taxes and our deferred tax assets and liabilities and any valuation allowance to be recorded against the amount of deferred tax assets that it determines is not more-likely-than-not to be realized. Our judgments, assumptions and estimates relative to the current provision for income tax take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or our interpretation of tax laws and the resolution of current and future tax audits could significantly impact the income taxes recorded in our consolidated statements of comprehensive income. Our assumptions, judgments and estimates related to the value of a deferred tax asset take into account predictions of the amount and category of future taxable income, such as income from operations. Actual operating results and the underlying amount and category of income in future years could render our current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ from our estimates and, thus, materially impact our financial position and results of operations.

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Uncertain tax positions

In order to assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

Net Income (loss) Per Share

Basic net income per share is computed using the weighted average number of ordinary shares outstanding during the period. Options to purchase ordinary shares and restricted share units are not considered outstanding in computation of basic earnings per share. Diluted net income per share is computed using the weighted average number of ordinary share and potential ordinary shares outstanding during the period. Potential ordinary shares include options to purchase ordinary shares, restricted share units and conversion of convertible debt, unless they were anti-dilutive. The computation of diluted net income per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income per share. Additionally, we take into account the effect on consolidated net income per share of dilutive shares of entities in which we hold equity interests and interest expenses along with relevant amortized issuance costs of convertible debt under certain circumstances. The dilutive impact from equity interests mainly include long-term investments accounted for using the equity method and the consolidated subsidiaries, such as Weibo.

Business Combination

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured as the aggregate of fair values at the date of exchange of assets given, liabilities incurred and equity instruments issued as well as the contingent considerations and all contractual contingencies as of the acquisition date. The costs directly attributable to an acquisition are expensed as incurred. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date