



Edgar Filing: SINA CORP - Form 20-F

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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**  
(Title of Class)

As of December 31, 2015, there were 69,840,751 shares of the registrant's ordinary shares outstanding (excluding 9,274,507 shares that have been repurchased but not cancelled), par value \$0.133 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

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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 or a non-accelerated filer. See the definitions of large accelerated filer, and accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

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; PRC GAAP refers to generally accepted accounting principles in the PRC;
- 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 some people and organizations may have set up more than one account and some accounts used by organizations are used by many people within the 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 some people and organizations may have set up more than one account and some accounts used by organizations are used by many people within the organization;
- shares or common 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. RMB amounts that are not included in our financial statements in this annual report are made at a rate of RMB6.4778 to US\$1.00, the exchange rate on December 31, 2015 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 periods ended and as of December 31, 2015. Our historical results do not necessarily indicate results expected for any future periods. 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.

	2011(1)	2012(2)	2013(3)	2014(4)	2015(5)
	For the Year Ended December 31, (in thousands, except per share data)				
<b>Operations:</b>					
Net revenues	\$ 482,829	\$ 529,329	\$ 665,106	\$ 768,241	\$ 880,669
Gross profit	267,481	281,397	394,042	477,900	545,289
Income (loss) from operations	(33,662)	(8,548)	22,572	(40,914)	12,222
Income (loss) before income tax expense	(297,417)	34,585	58,432	168,741	46,143
Net income (loss)	(302,418)	31,855	43,830	161,771	35,723
Net income (loss) attributable to SINA	(302,092)	31,738	45,132	176,802	25,678
Net (loss) income per share attributable to SINA					
Basic	\$ (4.64)	\$ 0.48	\$ 0.68	\$ 2.72	\$ 0.43
Diluted	\$ (4.64)	\$ 0.47	\$ 0.66	\$ 2.63	\$ 0.40
Shares used in computing basic net income (loss) per share attributable to SINA	65,121	66,401	66,741	64,950	60,237
	65,121	66,849	67,087	71,565	60,648

Shares used in computing diluted net income  
(loss) per share attributable to SINA

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(1) Fiscal year 2011 results included \$350.1 million in impairment charges, including other-than-temporary impairment of \$230.3 million related to our equity investment in CRIC, other-than-temporary impairment of \$50.9 million related to our equity investment in Mecox Lane Limited ( MCOX ) and goodwill impairment of \$68.9 million related to our mobile value added service ( MVAS ) business.

(2) Fiscal year 2012 results included \$18.5 million in impairment charges of equity investments, including other-than-temporary impairment of \$8.4 million related to our equity investment in MCOX. In 2012, CRIC merged into and became a 100% subsidiary of E-House. As a result, our interest in CRIC was converted into 29.3 million ordinary shares of E-House, equivalent to a 24.9% interest of E-House, and \$85.5 million cash. We recognized an amount of \$45.3 million one-time gain as a result of the merger. We also recognized a gain of \$10.2 million resulting from sale of shares of Tudou Holdings Limited ( Tudou ) in March 2012 and the gain from Tudou s merger with Youku Inc. ( Youku ) in August 2012.

(3) 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.

(4) 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 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 investor option liabilities, 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.

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

	2011	2012	As of December 31, 2013 (in \$ thousands)	2014	2015
<b>Financial position:</b>					
Cash, cash equivalents and short-term investments	673,475	713,598	1,868,239	2,166,538	2,209,853
Working capital(1)(2)	625,450	654,356	1,787,837	2,140,134	1,336,098
Total assets	1,391,447	1,482,906	2,897,843	3,703,328	4,361,839
Long-term liabilities(1)(2)	128,695	110,203	894,740	890,543	101,724
Total liabilities	329,098	337,033	1,222,225	1,282,058	1485,171
Total SINA shareholders' equity	1,055,670	1,136,670	1,191,210	2,145,772	2,565,272
Total shareholders' equity	1,062,349	1,145,873	1,675,618	2,421,270	2,876,668

(1) In 2015, we early adopted the guidance of ASU 2015-17 issued by Financial Accounting Standards Board ( FASB ) in November 2015, which allows to retrospectively present deferred tax assets and deferred tax liabilities as non-current in our consolidated balance sheets for all periods presented. The impact arising from adopting the guidance was immaterial for each period presented.

(2) As of December 31, 2015, the convertible notes amounting to \$800 million have been reclassified into current liabilities since the holders may require us to repurchase their notes on December 1, 2016.

**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**

*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;
- attract and retain users and advertisers;
- react quickly and effectively to regulatory changes;
- generate revenues from our users from fee-based and other internet services, including our social media platform Weibo;

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- respond effectively to competitive pressures and address the effects of strategic relationships or corporate combinations among our competitors;
- attract buyers for our mobile value-added services;
- 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;
- expand the content and services on our network, secure premium content and increase network bandwidth in a cost-effective manner; and
- develop a sufficiently large customer and user base and monetization models for our Weibo services to recover its development costs, network expenditures and marketing expenses and eventually achieve profitability.

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 are relying on advertising and marketing as a significant part of our future revenues, but the online advertising and marketing industry is subject to many uncertainties, which could cause our advertising and marketing revenues to decline.*

The online advertising and marketing industry is rapidly evolving in China. Many of our current and potential advertisers have limited experience with the internet as an advertising and marketing medium, have not traditionally devoted a significant portion of their advertising and marketing expenditures or other available funds to web-based advertising and marketing, and may not find the internet to be effective for promoting their products and services relative to traditional print and broadcast media. We may not be successful in attracting new advertisers, convincing our current and potential advertisers to increase their budgets for online advertising and marketing or securing a significant share of those budgets. If the internet does not become more widely accepted as a medium for advertising and marketing, our ability to generate additional revenues could be negatively affected. Our ability to generate significant advertising and marketing revenues will depend on a number of factors, many of which are beyond our control, including but not limited to:

- the development and retention of a large base of users possessing demographic characteristics attractive to advertisers;
- 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 on web page space;
- 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.

In 2015, approximately 55% of our portal advertising revenues in China were derived from the automobile, fast-moving consumer goods, internet and financial services, IT and telecommunication sectors. If there is a downturn in advertising and marketing spending, especially in these sectors, our results of operations, cash flows and financial condition and our share price could suffer. Our growth in advertising and marketing revenues will also depend on our ability to increase the advertising and marketing space on our network and develop new advertising and marketing inventory offerings, such as those tied to video content, mobile environment and user-generated content in social media environments, as well as performance-based inventories. If we fail to increase our advertising and marketing space at a sufficient rate or fail to develop new advertising and marketing inventory offerings that achieve market acceptance, our growth in advertising and marketing revenues could be hampered and our share price may drop significantly. Further, the increasing usage of online advertising blocking software may result in a decrease of our advertising and marketing revenues as the advertisers may choose not to advertise on the internet if such software is widely used. Our advertising and marketing revenues may also be materially adversely impacted if we are unable to develop effective advertising and marketing offerings for our mobile traffic, as internet users in China more and more rely on mobile devices, such as smart phones and tablets, to access the internet.

In addition, another difficulty we are facing is the adaption of our advertising and marketing resources to mobile devices and platforms. An increasing portion of our users accessed our products including portal website and Weibo through mobile devices in 2015. If they access our mobile products as a substitute for access through PCs, our ability to monetize our contents and grow relevant revenues would be dependent on the successful adaption to mobile devices and platforms. As new devices and platforms are continually being released, users may consume contents in a matter that is more difficult to monetize. It is difficult to predict the problems we may encounter in adapting our products and services and developing competitive new products and services that are compatible with new mobile devices and platforms. If we are unable to adapt our products and services to new mobile devices and platforms in a timely manner, our financial condition, results of operations and prospects may be materially and adversely affected.

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***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 only started to monetize Weibo traffic in the first half of 2012 through advertising and marketing services and value-added services such as game related services and VIP membership. Weibo is a form of social media featuring microblogging services and social networking services and is subject to intense competition for user traffic and user engagement. 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 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 form of social media featuring social networking services and messenger features, Weibo is subject to intense competition from providers of similar services as well as potential new types of online services, including interest-based social products. These services include (i) mobile messengers and other social apps, such as Weixin/WeChat, QQ Mobile, Qzone Mobile, Yixin, Laiwang, Douban, Baidu Post and Momo; (ii) news applications, such as Jinritoutiao and news apps operated by other major internet companies, such as Sohu, NetEase, Tencent and Phoenix New Media; and (iii) multi-media apps, such as Inke, In, Nice, Paipai and Meipai. 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 also 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 and navigation pages, such as Baidu, UCWeb and Qihoo 360. Weibo may also face increasing competition from global social media, social networking services and messengers, such as Twitter, Instagram, Facebook, WhatsApp, Line, Kakao Talk and Snapchat. Some of Weibo's competitors may have substantially more cash, traffic, technical and other resources than Weibo has. Our social media platform Weibo may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our business and financial performance.

Furthermore, as monetization has been a challenge to other microblogging services and social networking services, it has been a challenge to us as well. We cannot guarantee that the monetization methods adopted by other microblogging and social networking services will work with Weibo or the current Weibo monetization methods can generate sustainable revenue growth and profit. In our efforts to build scale and increase user base and user stickiness, we have significantly increased and expect to further increase investments in Weibo in areas such as technology, infrastructure and marketing, which have caused our profitability to significantly decline and may result in further declines. In addition, we cannot assure you that the investments we make will result in increased Weibo users and traffic. If our monetization efforts are not successful, then our investments in Weibo could significantly depress our profitability, and if we are unsuccessful in growing and monetizing Weibo's user base and traffic, our share performance could be materially adversely affected, the price of our ordinary shares could decline.

***Weibo monetization may require users to accept promoted advertising 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 (and in the case of Facebook, a lawsuit) for introducing promoted advertising into their users' 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.

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*We have generated a significant portion of our advertising revenues from Alibaba under the strategic collaboration agreement, there is no assurance, however, that we can generate revenues from Alibaba similar to past record after the strategic collaboration agreement expires, and if we fail to maintain our collaboration with Alibaba going forward, our results of operations and growth prospect may be adversely and materially affected.*

In April 2013, we formed a strategic collaboration with Alibaba and its affiliated entities to jointly explore social commerce and develop innovative marketing solutions to enable merchants on Alibaba e-commerce platforms to better connect and build relationships with our Weibo users. As part of the strategic collaboration, Alibaba purchased approximately RMB2.3 billion (\$381 million) in advertising and social commerce services from Weibo and us from 2013 to 2015. Although our cooperation with Alibaba continues in the ordinary course of our business after our strategic collaboration agreement with Alibaba expired in January 2016, there is no assurance that we can generate revenues from Alibaba at a level comparable to our past record, both in absolute amount and as percentage to our total advertising revenues. If we are unable to maintain a strong cooperation with Alibaba or find other customers that can bring in similar amount of revenues to offset the possible decline of revenues from Alibaba, our results of operations and growth prospects may be adversely and materially affected.

*Our MVAS revenues have experienced an overall decline and may decrease further in the future.*

In 2013, 2014 and 2015, MVAS revenues accounted for 9%, 4% and 3% of our total net revenues, respectively. Our MVAS revenues declined year over year for the past three years, and may further decline in the future. If users do not adopt our MVAS at a sufficient rate, our overall MVAS revenue could be negatively affected. Factors that may prevent us from maintaining or growing our MVAS revenues include:

- our ability to launch new popular services;
- our ability to retain existing customers of our subscription services;
- our ability to attract new subscribers in a cost-effective manner;
- our ability to provide satisfactory services to customers;
- competitors, including mobile operators, may launch competing or better products;
- changes in policy, process and/or system by China Mobile Communications Corporation ( China Mobile ), China United Network Communications Group Co., Ltd. ( China Unicom ) or other mobile operators, on whom we rely for service delivery, billing and payment collection. Examples include limiting the service offerings and partnerships

allowed for each Short Messaging Service ( SMS ) service code; requiring additional notices and customer confirmations in the MVAS ordering process; complicating the product launch approval process; and shifting our products to more costly platforms. In the past, the mobile operators have made sudden changes that have significantly impacted our revenues and may do so again in the future;

- changes in government regulations, which could restrict our MVAS offerings, curtail our ability to market our services or change user adoption or usage patterns in a negative way. For example, in August 2007, the Ministry of Information Industry ( MII ) (superseded by the Ministry of Industry and Information Technology ( MIIT ) established in March 2008) tightened the regulations over direct advertising in China, which reduced the effectiveness of our direct advertising on MVAS and increased the difficulties of new user recruitment. In December 2007, the MII unified the dialing codes of each service provider ( SP ), which increased the number of digits a user must input to subscribe to an SP 's MVAS, thereby making the purchasing process more complicated. Effective as of September 1, 2013, the MIIT has required mobile users to register their real names. Implementation of these types of changes has led to in the past and may lead to in the future fewer subscriptions of MVAS and a decrease in new customers; and

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- changes in mobile subscriber base from 2G and 2.5G, from whom we derive most of our MVAS revenues, to 3G and 4G, where mobile applications are more popular.

In light of the changing operating environment and evolving, uncertain policies and regulations, our new MVAS offerings may not continue to be accepted by the market or meet mobile operators' requirements and government regulations. Neither can we assure that our new MVAS will provide meaningful margin contribution in the current competitive landscape when other MVAS providers are willing to accept lower revenue sharing to acquire marketing channels and MVAS content and mobile operators are demanding higher revenue sharing for new MVAS offerings and MVAS offerings using their newer platforms. If revenues from our MVAS services do not grow significantly or generate profits, our financial position, results of operations and cash flows may be materially and adversely affected.

*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.*

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 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. These services include (i) mobile messengers and other social apps, such as Weixin/WeChat, QQ Mobile, Ozone Mobile, Yixin, Laiwang, Douban, Baidu Post and Momo; (ii) news applications, such as Jinritoutiao and news apps operated by other major internet companies, such as Sohu, NetEase, Tencent and Phoenix New Media; and (iii) multi-media apps, such as Inke, In, Nice, Paipai and Meipai. We also compete with both offline and online games for the time and money of gamers. 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.

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, mobile applications and operating

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systems. Search providers include internet search companies, such as Baidu, Sogou (Sohu and Tencent), Qihoo, Netease (Youdao) and Google, Inc. ( Google ), as well as vertical search companies, such as Youku Tudou (video search), Gougou (video search), Qunar (travel search) and Kuxun.cn (travel search). Navigation page providers include Qihoo (hao.360.cn) and Baidu (hao123.com). Companies that offer desktop and/or mobile applications, such as messenger, pinyin, web browser, app download store, security software and mobile browser, include Tencent, Sogou (Sohu/Tencent), Baidu, Qihoo, Kingsoft, NQ, Microsoft (MSN), China Telecom/Netease (Yixin), Yahoo!/Alibaba (Yahoo Messenger), Alibaba (Laiwang) and UC Mobile Ltd (UC Browser) and 91 Wireless (app download store). 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.

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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. These competitors include Focus Media, Air Media Group Inc., Vision China Media Inc. and other China-based private or public outdoor media advertising companies.

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, LinkedIn, Google, Twitter, Line, Kakao and WhatsApp, 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 in the marketplace, 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. Consequently, we will need to grow our revenues at least in the same proportion as any increase in brand spending to maintain our current levels of profitability.

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, Baidu Mobile Assistant, 360 Mobile Assistant and Wandoujia, to drive downloads of the mobile applications of our products, including Weibo, Sina News and Sina Finance. In the future, Apple, Android stores 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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***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, 2013, 2014 and 2015, we recorded \$47.1 million, \$32.5 million and \$56.1 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, 2015, our long-term investments included \$599.0 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 company 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 \$6.1 million, \$18.0 million and \$6.6 million on our long-term investments in 2013, 2014 and 2015 respectively. We may continue to incur impairment charges, which could depress our profitability or subject us to incur a net loss.

We reported our ownership in CRIC, which merged into E-House in 2012, using the equity method of accounting starting from October 1, 2009 and, as such, our net income was impacted by E-house's performance. Historically, we recorded \$16.7 million in loss from equity investment in E-House in 2012. Although we recorded a gain of \$2.3 million, \$10.1 million and \$1.9 million from our equity investment in E-house in 2013, 2014 and 2015, respectively, due to the recovery of real estate market in China, we may incur loss from such investment again in the future.

Our future financial results may be also adversely affected by the performance of E-House and other equity investments accounted for under the equity method. If the financial results of E-House 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 E-House and other equity investments accounted for under the equity method, which we have reported a quarter in arrears. A delay in the reporting by E-House 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. E-House'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:

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- E-House may not be able to successfully execute its strategy of expanding into new geographical markets in China;
- E-House may not be able to successfully execute its growth strategy to maintain and enhance its brands and image;
- E-House's business is susceptible to fluctuations in the real estate market in China;
- E-House's business may be materially and adversely affected by government measures aimed at China's real estate industry; and
- a severe or prolonged downturn in the global or Chinese economy could materially and adversely affect E-House's business and its financial condition.

Further information regarding these and other risks can be found in E-House's filings with the SEC. SINA assumes no obligation to update E-House'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. 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, holders may 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. The notes will mature on December 1, 2018. We may not have sufficient funds to pay the interest or repurchase price or fulfill other obligations under the notes.

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 may shift 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 2.5G, 3G and 4G 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 the proportion of internet usage shifting from personal computers to mobile phones, handheld computers 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. 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 advertisements 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.

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

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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.

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

We have expanded rapidly by 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 internal growth. In addition, the geographic dispersion of our operations as a result of acquisitions and internal 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 recently 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 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 intellectual properties. 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 intellectual properties, particularly in 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.

***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.

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***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.***

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 platform 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 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.

***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 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 consumers. 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.

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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.

***We have contracted with third parties to provide content and services for our portal network and MVAS 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. 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. 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.

A major part of our non-advertising revenues is generated through MVAS where we depend on mobile network operators for services delivery and payment collection. If we are unable to continue these arrangements, our MVAS could be severely disrupted or discontinued. Furthermore, we are highly dependent on these mobile service providers for our profitability in that they can choose to increase their service fees at will.

We depend on a third party's proprietary and licensed advertising serving technology to deliver advertisements to our network. If the third party fails to continue to support its technology or if its services fail to meet the advertising needs of our customers and we cannot find an alternative solution on a timely basis, our advertising revenues could decline.

***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.

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In addition, we generate a portion of revenues from licensing our historical and real-time data to third parties. If any of these relationships are terminated or not renewed, or if we are unable to enter into similar relationships in the future, our operating results could 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 website 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 well-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.

***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, repeated 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, sending invitations and feeds to inappropriately attract attention. Although we continue to invest resources to reduce spam on Weibo, we expect spammers will continue to seek ways to act inappropriately on Weibo. In addition, we expect that increased number of users on Weibo will result in increased efforts by spammers to misuse the 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. Our actions to combat spam require the diversion of significant time and focus of our engineering team for improving our products and services. If spam increases on Weibo, this could hurt our reputation for delivering relevant content or reduce user growth and user engagement, which may deter our existing and potential users from using our products and services.

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

We encourage employees to quickly develop and help us launch new and innovative features. We focus on improving the user experience for our products and services and on developing new and improved products and services for the advertisers on our platform. We prioritize innovation and the experience for users and advertisers on Weibo 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. In addition, our focus on the user experience may negatively impact our relationships with our existing or prospective customers. This could result in a loss of customers and platform partners, which would harm our revenue and operating results.

***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.



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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.

***We may be subject to claims based on the content we provide over our websites and platforms and the products 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; unsolicited emails, lost or misdirected messages, illegal or fraudulent use of email or interruptions or delays in email service; and product liability, warranty and similar claims to be asserted against us by end users who purchase goods and services through SINA Mall and any future e-commerce services we may offer.

We may incur significant costs in investigating and defending any potential claims, even if they do not result in liability. Although we carry general liability insurance, our insurance may not 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 website and platforms. Our UGC websites and platforms, including social media, 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 future 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.

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***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, a director and an executive officer of our company are also the nominee shareholders of our VIEs and may have potential conflicts of interests arisen from their different roles. See **Risks Related to Our Business**. 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.

***Future outbreaks of Severe Acute Respiratory Syndrome ( SARS ), H1N1 flu, H7N9 flu, Avian flu or other widespread public health problems could adversely affect our business.***

Future outbreaks of SARS, H1N1 flu, H7N9 flu, Avian flu, Ebola virus disease or other widespread public health problems in China and surrounding areas, where most of our employees work, could negatively impact our business in ways that are hard to predict. Prior experience with the SARS virus suggests that a future outbreak of SARS, H1N1 flu, H7N9 flu, Avian flu, Ebola virus disease or other widespread public health problems may lead public health authorities to enforce quarantines, which could result in closures of some of our offices and other disruptions of our operations. A future outbreak of SARS, H1N1 flu, H7N9 flu, Avian flu, Ebola virus disease or other widespread public health problems could result in the reduction of our advertising and fee-based revenues.

***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 do not have any 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.

**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 and MVAS businesses, including internet access, distribution of content over the internet and MVAS. Accordingly, we operate our internet-related and MVAS 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 employee shareholders of the VIEs entered into equity pledge agreements pursuant to which the employee 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 for 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 and MVAS 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 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, Mr. Yan Wang currently serves as our director and Ms. Hong Du currently serves as our president and chief operating officer. 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 directors or officers of our company or our subsidiaries, to discharge their fiduciary duties owed to our company or our subsidiaries.

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Such fiduciary duties require directors and 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 website.*

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 website [www.sina.com.cn](http://www.sina.com.cn) in China. We do not own it due to the restriction of foreign investment in businesses providing value-added telecommunication services, including computer information services, MVAS or email 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 website or complete shutdown of our website. 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 marketing of other MVAS via a channel we depend on to generate revenues, which could also have a material adverse effect on our financial position, results of operations and cash flows.

- 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 GAPPFRFT 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 very new, and thus far no relevant implementation rules or interpretations have been issued. On February 27, 2016, the GAPPFRFT 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 reading services or video services if we cannot find business partners with the required licenses.
- The governing bodies of China's mobile industry from time to time issue policies that regulate the business practices relating to MVAS. We cannot predict the timing or substance of such new regulations, which may have a negative impact on our business.
- In 2014, our Internet Publication License and License for Online Transmission of Audio-Visual Programs were revoked by the 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 and our video sharing service channel, video.sina.com.cn. We also received a notice from the Beijing Municipal Cultural Market Administrative Law Enforcement Unit, which imposed an administrative fine of RMB5,085,183 (\$819,583) on our company in connection with the content referred to above. There is no assurance that similar penalties will not be imposed on us again in the future.

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 reading services or 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 our reading channel, book.sina.com.cn, and our video sharing service channel, video.sina.com.cn. Consequently, we may have to cease offering online reading services or video services altogether 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.

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**We are required to, but have not been able to, verify 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. 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.

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. While the Microblog Rules are not clear regarding the type and extent of penalty that may be imposed on non-compliant microblogging service providers, we are potentially liable for our noncompliance and may be subject to penalties including the deactivation of certain features on Weibo, termination of Weibo operations 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 or through MVAS 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, via our MVAS 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 January 2005, the GAPPRFT, which regulates radio and television stations in China, issued a notice prohibiting commercials for MVAS related to fortune-telling from airing on radio and television stations. 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 CAC 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. In addition, the GAPPRFT and other Chinese government authorities may prohibit the marketing of other MVAS via a channel we depend on to generate revenues, which could have a material adverse effect on our financial position, results of operations or cash flows. We are not sure whether mobile operators, including China Mobile and China Unicom, or the Chinese government will find our other online content inappropriate and therefore prevent us from monetizing

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the contents in our SINA portal and Weibo, or operating the MVAS relating to such content in the future. If they prevent us from offering such services, our profit will suffer.

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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.

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.

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 enactment timetable, final content, interpretation and implementation of draft Cyber Security Law published for public comment on July 1, 2015, 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 cybersecurity 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 July 6, 2015, the Standing Committee of the National People's Congress released a Draft Cyber Security Law to solicit public comments. Once adopted, this will be the first Chinese law that focuses exclusively on cyber security. The Draft sets high requirements for the operational security of facilities deemed to be part of the PRC's key information infrastructure facilities, and includes national security examinations under certain circumstances. Among other factors, key information infrastructure facilities include networks and systems owned or managed by network service providers with a significant number of users. The Draft provides that key information infrastructure facilities operators must set up specialized internal security management divisions and assign appropriate persons to be responsible for security management. Additionally, these operators must conduct background checks on the persons responsible for security management and on personnel in other critical positions. The Draft provides that when operators of key information infrastructure facilities purchase network products or services that may affect or involve national security, the operator must pass a security examination jointly arranged by the national network and information authority and the relevant government departments, in addition to which a national security examination process under the National Security Law will be triggered. In addition, the Draft provides that the operators of key information infrastructure facilities must store important data collected and generated through their operations, including citizens' personal information, exclusively within the territory of the People's Republic of China. The Draft also establishes more stringent requirements for network operators. The Draft establishes censorship duties for network operators, including digital information distribution service providers and application software download service providers, such that when these operators become aware of a prohibited publication, or the transmission of illicit information, they must promptly stop transmitting

the information and take measures to prevent the spread of that information. Operators must maintain a record of these incidents when they occur and report them to the competent authorities. The relevant authorities may also order such actions if the authorities themselves become aware of any prohibited information. Where any prohibited information comes from outside the territory of China, the authorities may additionally request that all relevant institutions take measures to stop the flow of such prohibited information.

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As this law is only in draft form, there are substantial uncertainties as to its enactment timetable, final content, likely interpretation and ultimate implementation of the Cyber Security Law. The draft Cyber Security Law, if enacted as proposed, could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

***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 new draft has been published since then. 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.



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It is likely that we would not be considered as ultimately controlled by Chinese parties, as our record shareholders in the U.S. hold approximately 84.2% of our total voting power. 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.

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 the foreign investors and the 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.



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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, 2015, we had approximately \$2.1 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.

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. SINA (Shanghai) Management Co., Ltd., was qualified a software enterprise in 2010, and the qualification of which was renewed in 2014. Accordingly, SINA (Shanghai) Management Co., Ltd. is exempted from income tax for the first two years and is entitled to a preferential tax rate of 12.5% for the three years from thereafter. Each of Beijing New Media Information Technology Co., Ltd., SINA.com Technology (China) Co., Ltd. and SINA Technology (China) Co., Ltd. (SNTC) was qualified a software enterprise in 2013 and is exempted from income tax for the first two years and is entitled to a preferential tax rate of 12.5% for the three years from thereafter. Weibo Internet Technology (China) Co., Ltd. (Weibo Technology), our PRC subsidiary, was qualified as a software enterprise on December 19, 2011, and the qualification of which was renewed on December 3, 2013. Accordingly, Weibo Technology is eligible for the relevant preferential tax treatment upon filing with the relevant tax authorities. Each of the qualification as a software enterprise is subject to annual evaluation and a two-year review by the relevant authorities in China. If any of these entities 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.

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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.

***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 a foreign invested enterprise, or 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.



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***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 Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued in December 2009, or SAT Circular 698, and the Notice on Certain Corporate Income Tax Matters Related to Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, 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. Further, SAT Circular 7 replaces the compulsory reporting requirement in SAT Circular 698 with a voluntary reporting regime, and the criteria set forth in Circular 698 for indirect transfer reporting have been abolished. 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.

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.

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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 698 and 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, 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 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.

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.***

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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 share-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%.

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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 Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert RMB into foreign currencies and, if RMB were to decline in value, reducing our revenues and profits in U.S. dollar terms. 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.

***We may have to register our encryption software with Chinese regulatory authorities, and if they request that we change our encryption software, our business operations could be disrupted as we develop or license replacement software.***

Pursuant to the Regulations for the Administration of Commercial Encryption promulgated at the end of 1999, foreign and domestic companies operating in China are required to seek approval from the Office of the State for Cipher Code Administration (OSCCA), the Chinese encryption regulatory authority, for the commercial encryption products they use. Companies operating in China are allowed to use only commercial cipher code products approved by OSCCA and are prohibited to use self-developed or imported cipher code products without approval. In addition, all cipher code products shall be produced by those producers appointed and approved by OSCCA. In December 2005, OSCCA further released a series of rules, effective January 1, 2006, regulating many aspects of commercial cipher code products in detail, including development, production and sales.

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Because these regulations do not specify what constitutes a cipher code product, we are unsure as to whether or how they apply to us and the encryption software we utilize. We may be required to register, or apply for permits with OSCCA for, our current or future encryption software. If PRC regulatory authorities request that we register our encryption software or change our current encryption software to an approved cipher code product produced by an appointed producer, it could disrupt our business operations.

***Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert RMB into foreign currencies and, if RMB were to decline in value, reducing our revenues and profits in U.S. dollar terms.***

Our reporting currency is the U.S. dollar and our operations in China, Hong Kong, Taiwan use their respective local currencies as their functional currencies. The majority of our revenues derived and expenses incurred are in RMB with a relatively small amount in New Taiwan dollars, Hong Kong dollars and U.S. dollars. We are subject to the effects of exchange rate fluctuations with respect to any of these currencies. For example, the value of the RMB depends to a large extent on Chinese government policies and China's domestic and international economic and political developments, as well as supply and demand in the local market. Starting July 2005, the Chinese government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB has fluctuated within a narrow and managed band against a basket of certain foreign currencies. It is possible that the Chinese government will adopt a more flexible currency policy, which could result in more significant fluctuations of the RMB against the U.S. dollar.

The income statements of our China, Hong Kong and Taiwan operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency-denominated transactions results in reduced revenues, operating expenses and net income for our non-U.S. operations. Similarly, to the extent the U.S. dollar weakens against foreign currencies, the translation of RMB, Hong Kong dollar and New Taiwan dollar-denominated transactions results in increased revenues, operating expenses and net income for our non-U.S. operations. We are also exposed to foreign exchange rate fluctuations as we convert the financial statements of our non-U.S. subsidiaries into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the non-U.S. subsidiaries' financial statements into U.S. dollars will lead to a translation gain or loss which is recorded as a component of other comprehensive income. In addition, we have certain assets and liabilities that are denominated in currencies other than the relevant entity's functional currency. Changes in the functional currency value of these assets and liabilities create fluctuations that will lead to a transaction gain or loss. We have not entered into agreements or purchased instruments to hedge our exchange rate risks, although we may do so in the future. The availability and effectiveness of any hedging transaction may be limited and we may not be able to successfully hedge our exchange rate risks.

Although Chinese governmental policies were introduced in 1996 to allow the convertibility of RMB into foreign currency for current account items, conversion of RMB into foreign exchange for most of the capital items, such as foreign direct investment, loans or securities, requires the approval of the State Administration of Foreign Exchange, or SAFE. These approvals, however, do not guarantee the availability of foreign currency. We cannot be sure that we will be able to obtain all required conversion approvals for our operations or that Chinese regulatory authorities will not impose greater restrictions on the convertibility of RMB in the future. Because a significant amount of our future revenues may be in the form of RMB, our inability to obtain the requisite approvals or any future restrictions on currency exchanges could limit our ability to utilize revenue generated in RMB to fund our business activities outside China, or to repay non-RMB-denominated obligations, including our debt obligations, which would have a material adverse effect on our financial condition and results of operations.

***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.***

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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.

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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.

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 these rules are relatively new and there is a lack of clear statutory interpretation on the implementation of the same, there is no assurance 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.***

We primarily 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.

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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.

We are constructing a new office building in Beijing and we expect to move into it in 2016. Our facilities in Beijing currently house the majority of our employees. If we are unable to make a smooth transition from our existing facilities into the new premises, we could experience temporary business disruption, which may have an adverse effect on our financial condition and results of operations.

***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.

***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, 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 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.

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***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. The Big Four PRC-based accounting firms appealed the ALJ's initial decision to the SEC. The ALJ's decision does not take effect unless and until it is endorsed by the SEC.

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 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.

***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 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.



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*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 2011, we recorded a goodwill impairment charge of \$68.9 million related to our MVAS business. A goodwill impairment charge of \$14.5 million was recorded in 2014, which related to our acquired online reading business. As of December 31, 2014 and 2015, the total amount of our goodwill and intangible assets was \$64.5 million and \$62.0 million, respectively. 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 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 the NASDAQ. Any such action could adversely affect our financial results and the market price of our ordinary shares.

**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 2015, the closing sale prices of our ordinary shares on the NASDAQ Global Select Market ranged from \$32.16 to \$60.74 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.

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***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.***

As was the case for 2014, we believe that it is likely that we were a passive foreign investment company ( PFIC ) for our taxable year ended December 31, 2015 and, unless we choose to deploy our passive assets for working capital purposes or other active purposes or the value of our ordinary shares increases, it is likely 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.

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 its 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 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 Tax Considerations Passive Foreign Investment Company Considerations ) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of our ordinary shares and on the receipt of distributions on our ADSs or 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 Taxation United States Federal Income Tax Considerations Passive Foreign Investment Company.

***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 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, 2016, we had 69,860,557 ordinary shares outstanding, of which 11,000,000 ordinary shares were held by New Wave MMXV Limited, or New Wave, a British Virgin Islands company controlled by Mr. Charles Chao, our chairman of the board and chief executive officer. Pursuant to an Investor 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 Investor 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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**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 Shanghai, China. With offices throughout mainland China, Hong Kong, Taiwan and the U.S., our principal place of operations is located at 20/F Beijing Ideal International Plaza, No. 58 North 4th Ring Road West, Haidian District, Beijing, 100080, People's Republic of China. The telephone number of SINA at this address is (86)10-8262-8888.

The primary focus of SINA's operations is in China, where the majority of our revenues are derived. SINA's business operations in China are conducted primarily through wholly owned subsidiaries, including SINA.com Technology (China) Co., Ltd., SINA Technology (China) Co., Ltd., Beijing New Media Information Technology Co., Ltd., Beijing SINA Advertising Co., Ltd., SINA (Shanghai) Management Co., Ltd., Shanghai SINA Advertising Co., Ltd., Weibo Internet Technology (China) Co., Ltd. (Weibo Technology) and significant VIEs and VIE subsidiary, including Beijing SINA Internet Information Service Co., Ltd., Guangzhou Media Message Technologies, Inc., Beijing Star-Village Online Cultural Development Co., Ltd., Shenzhen Wangxing Technology Co., Ltd., Jinzhao Hengbang Technology (Beijing) Co., Ltd., Beijing SINA Payment Technology Co., Ltd., Beijing Weimeng Technology Co., Ltd. and Beijing Weibo Interactive Internet Technology Co., Ltd.

From 1999 to 2001, SINA's growth was mainly driven by the online advertising business, which generated the majority of our revenues. In late 2001, SINA began offering MVAS under arrangements with third-party mobile operators in the PRC and had experienced significant growth in MVAS revenues up until 2004. Starting in 2005, the MVAS business has been repeatedly disrupted by changes in operator policies. On the advertising side, we have experienced growth in recent years, except for 2009, when China was impacted by the global financial crisis.

We have grown organically and through acquisitions, partnerships and investments in recent years. For example, SINA acquired Memestar Limited, an MVAS company, in 2003, Crillion Corporation, an MVAS company, in 2004 and Davidhill Capital Inc., an instant messaging company, in 2004. In 2008, SINA spun off its real estate and home decoration channels into its subsidiary COHT and sold a 34% interest to E-House. In October 2009, SINA injected its online real estate advertising business into a majority-owned subsidiary and exchanged its interest in COHT for a 33% interest in CRIC upon CRIC's listing on the NASDAQ Global Select Market. CRIC merged into and became a 100% subsidiary of E-House on April 20, 2012 and, as a result, each ordinary share of CRIC held by us was converted into 0.6 ordinary share of E-House, together with the right to receive cash consideration of \$1.75.

We have made investments in certain internet sectors that we have chosen to participate through investments rather than organic development as well as in areas that we believe 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, which was merged into a wholly owned subsidiary of Youku in August 2012. Our shares in Tudou were converted into shares of the combined company, Youku Tudou Inc. In October 2011, we invested \$50.0 million in Yunfeng Funds for the sole purpose of investment in Alibaba Group. In 2014, we sold through Yunfeng Funds part of shares we held in Alibaba Group in its IPO and recognized a one-time disposal gain for such investment.

## Edgar Filing: SINA CORP - Form 20-F

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, holders may 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. The notes will mature on December 1, 2018. The notes will be convertible into our ordinary shares, at the option of the holders, based on an initial conversion rate of 8.0841 of ordinary shares per \$1,000 principal amount of notes.

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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, of which 6,000,000 ADSs were allotted to Ali WB Investment Holding Ltd., or Ali WB, a wholly owned subsidiary of Alibaba. Concurrently with the initial public offering, Ali WB acquired an additional 2,923,478 Class A ordinary shares of Weibo in a private placement and 21,067,300 Class A ordinary shares from us. Subsequent to its initial public offering, Weibo repurchased 2,923,478 ordinary shares from our company with the proceeds from the issuance of ordinary shares to Ali WB in the private placement. Following these transactions, we remained the majority shareholder of Weibo, holding approximately 58% of Weibo s total outstanding shares, and Ali WB remained the second largest shareholder holding approximately 32% of Weibo s total outstanding shares.

On June 19, 2015, we formed a consortium with Mr. Xin Zhou, co-chairman of the board of directors and chief executive officer of E-House, and Mr. Neil Nanpeng Shen, a member of the board of directors of E-House, to work exclusively with one another with respect to a proposed transaction to acquire all the outstanding ordinary shares of E-House not already owned by us, Mr. Xin Zhou, Mr. Neil Nanpeng Shen or their respective affiliates. On April 15, 2016, E-House entered into a definitive agreement and plan of merger, or the Merger Agreement with E-House Holdings Ltd., or Parent and E-House Merger Sub Ltd., or Merger Sub, a wholly-owned subsidiary of Parent. Pursuant to the Merger Agreement, Parent will acquire E-House for a cash consideration equal to US\$6.85 per ordinary share, and upon the closing of the merger, Merger Sub will merge with and into E-House, with E-House continuing as the surviving corporation and a wholly owned subsidiary of Paren. In connection with the transaction contemplated by the Merger Agreement, we have agreed to make an equity contribution of approximately \$140 million to Parent to subscribe newly issued shares of Parent and entered into a series of agreements, including a rollover agreement, a voting agreement, an equity commitment letter and a limited guarantee, concurrently with the execution of the Merger Agreement. The merger is currently expected to close during the second half of 2016 subject to various closing conditions, including the E-House s shareholder approval.

**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.** Our mobile portal, SINA.cn, provides news information and entertainment content from SINA.com customized for mobile users in WAP (mobile browser) and mobile application format, such as SINA News, SINA Sports, SINA Finance, SINA Entertainment and SINA Blog.

**Weibo.** Weibo is a leading social media platform for people to create, distribute and discover Chinese-language content. Based on an open platform architecture, Weibo allows users to create and post feeds and attach multi-media content, as well as access a wide range of organically and third-party developed applications, such as online games.

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.

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**Market and Industry Overview**

Our primary focus is on the Chinese market, from which the majority of our revenues are derived. From a macro perspective, the success of our business is tied to the size and vitality of China's economy. In a study published by the Chinese National Bureau of Statistics, China's gross domestic product ( GDP ) in 2015 grew 6.9% year over year to RMB66.7 trillion (\$10.8 trillion), showing a slowdown in the annual growth. The same study indicated that China's annual disposable income per capita for urban households climbed from RMB17,175 (\$2,514) in 2009 to RMB31,195 (\$4,969) in 2015, representing a compound annual growth rate ( CAGR ) of 10.5%. During the same period, China's retail sales of consumer goods grew from RMB13.3 trillion (\$1.9 trillion) to RMB30.1 trillion (\$4.8 trillion), representing a CAGR of 14.6%. The decline of annual growth rate of GDP and the flat CAGR of annual disposable income per capita as well as China's retail sales of consumer goods reflect certain level of pressure on keeping economic momentum at the same rate as before.

From an industry perspective, however, the internet and internet-related markets in China have been evolving rapidly in the recent years. The success of our business largely depends on an ever increasing internet community and a dynamic online ecosystem in China where we are well positioned. According to the biannual survey by CNNIC on China's internet industry, the number of internet users in China grew by 40 million in 2015 to reach 688 million as of December 31, 2015.

Further, another trend in the internet market is the shift of users from personal computers to mobile devices, especially mobile devices with high-speed internet access. The Ministry of Industry and Information Technology of PRC reported in January 2016 that the number of mobile phone users in China has reached 1.3 billion in December 2015, remaining flat compared to the number in December 2014. Mobile users with broadband internet access, including mobile 3G and 4G users, have grown 35% on annual basis to 785 million at the end of December 2015, representing 60% of all mobile users in China. In particular, 4G mobile users increased significantly in 2015, recording an increase of 289 million to 386 million users, representing 30% of all mobile users in China. Although the total number of mobile users has remained stable since the end of 2014, we are witnessing a great improvement in terms of mobile devices' capacity to access and consume richer contents on internet. With the large user base in China, Chinese market continues to be attractive for us to expand our product offerings and to grow our revenue streams.

**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 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](http://www.sina.com.cn)), Taiwan ([www.sina.com.tw](http://www.sina.com.tw)), Hong Kong ([www.sina.com.hk](http://www.sina.com.hk)), and overseas Chinese in North America ([www.sina.com](http://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.

SINA.cn, our SINA mobile portal, delivers the latest information and digital contents from SINA.com to mobile users via WAP. SINA also offers the latest information and professional contents in mobile applications, mainly including SINA News, SINA Sports and SINA Finance.

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*User Offerings*

As a leading digital content provider, SINA offers a variety of free interest-based vertical channels through SINA.com and SINA.cn 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, Beijing TV Station ( BTV ), China News, Agence France-Presse ( AFP ), Associated Press, Reuters, Getty Images, China Daily, Nanfang Daily Group, Beijing News, Xinhua Net and Xinhua News Agency. Through SINA News, 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, 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 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.

*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 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, entertainment and education. 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

reading services or 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 eLadies, 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. SINA.com's advertising product offerings consist of banner, button, text-link, in-stream video advertisements and in-feed video advertisements that appear on pages within the SINA network, channels and promotional sponsorships, as well as advertising campaign design and management services. 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.

Through SINA's various vertical channels, across PCs (sina.com) and various mobile platforms (sina.cn, News App, Finance App, 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, fulfills advertisers' basic needs to drive awareness and interests to users or customers. 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. To enrich our advertising format, we also offer video ad on our platform which takes forms of pre-roll, mid-roll, post-roll video screens.

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***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, Australian Open, National Football League, PGA Tour, Women's Tennis Association, Ultimate Fighting Championship, MUTV, CCTV, JSTV, BTV, People's Daily, Xinhua News Agency, China News Service, Global Times, Getty Images, China Daily, 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. Weibo 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. Since its inception, Weibo has amassed a large user base and has attracted a wide range of users, including ordinary people, celebrities and other public figures, as well as organizations such as media outlets, businesses, government agencies and charities. Weibo platform is compatible with all major mobile operating systems, including Android, iOS, Symbian, Windows and Blackberry, and is accessible through mobile apps, mobile websites, personal computer apps and personal computer websites.

***Products for Users***

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

- *Feed.* Weibo enables users to express and share their ideas, opinions and stories in the form of text and multimedia content. A feed is usually limited to 140 Chinese characters, but Chinese characters are more information-dense than the letters of the alphabet and can convey more meaning in the same space. Furthermore, feeds on Weibo often include rich, descriptive and vivid content, such as photos, streaming music, short videos or long-form articles, while still fitting onto the screens of mobile devices.
- *Individual Page.* Each user has a Page that displays the user's profile, feeds and albums. Basic information about a user, including username, introduction, education, location, liked feeds, accounts followed, follower accounts and Weibo account number is available on the user's Page. Users with verified authentic identity information will have an orange V mark on their profile picture. Users can personalize their Pages by selecting and changing their cover photo and profile picture at any time.

- *Enterprise Page.* Businesses and other organizations with verified identities can apply for enterprise accounts, which entitle them to enterprise services through the download of Page apps on our platform. Page apps enable organizations to customize their Weibo Pages and to perform marketing events, promotion activities, ad campaigns and payment processing on Weibo. For example, an e-commerce merchant can install Page apps to facilitate purchase activities through Weibo or offer red envelop, lucky money, drawings to build a follower base.

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*Social Products.* Weibo offers the following mechanisms to promote social interaction between users on Weibo 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 interests. 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.

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

- *Information Feed.* The information feed resides on the user's home page. Each user's information feed displays a regularly updating flow of feeds posted by that user and by other users he or she has decided 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. The default setting for the information feed is the timeline, where the most recent feed is shown at the top. To improve user experience, promoted content, hot feeds and missed feeds are added to a user's information feed based on the user's social network as well as the level of engagement of feeds from accounts followed. Users can also customize their information feed by classifying followed accounts into different groups, e.g. friends, co-workers, e-commerce, fashion, media and photography, and view feeds from each group separately.

- *Search.* Our search function allows users to search our platform for feeds, users, apps and pictures by keyword and hashtag.
- *Object Page.* Weibo works with companies with large online content libraries of videos, songs, mobile applications, books and points of interest (such as restaurants, hotels and movie theaters) and create Weibo Pages for their objects, known as Object Pages. Users can visit these Object Pages to find rich content on these objects and interact with other users of similar interest. For example, users can stream songs, watch movie trailers, read book excerpts and download apps from the respective Object Pages. 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. Some Object Pages also offer the sale of movie tickets and books and app downloads.

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- *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. Users may view feeds under each trending topic and participate in the discussion.
- *Discovery Channel.* Users can also explore the hottest trending topics being discussed on Weibo by visiting the discovery channel, where popular feeds are aggregated by category, such as humor, astrology, comics, food, technology, auto, sports, reading, recruiting, charity, news, travel, movie, songs, purchase, video, lottery and T-mall flash sales. The discovery channel also offers an online game center and app download center, as well as content discovery using location-based services functions.

*Notifications.* Users can choose to be notified of Weibo account activities through SMS or push notification on their device.

*Weibo Games.* We offer third-party online games, including role playing games, card games, strategy games and real life simulation games. Most Weibo games are offered for free and certain games allow users to purchase virtual currency, known as Weibo Credit, to redeem virtual items. Weibo receives part of the revenues from such purchases through arrangements with the game developers.

*VIP Membership.* Weibo VIP membership offers our users certain services and functions that are not available to regular users. With these additional functions, VIP members can follow more users, have more ways to personalize their Pages, can send voice feeds, enjoy more cloud storage, receive additional options to manage information flow and followers, receive SMS notification of Weibo account activity and have access to premium games. VIP membership is available through monthly or annual subscriptions.

*Weibo Apps.* We have developed a suite of mobile apps to further enrich the service offerings of Weibo. For example, Weibo Headlines aggregates news and information from Weibo and other online sources based on the article's popularity and enables users to comment, like and share to their followers on Weibo. Another example is Weibo Weather, a leading weather app in China that features weather condition, particle matter index (PMI) and other information, such as scenic photos from cities that the users choose to follow.

***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 its platform. Weibo's advertising and marketing customers include both large companies and small and medium enterprises (SMEs) 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 Ads.* Social display ads appear on a user's home page and other pages. When users click on the social ad, they may be redirected to the advertiser's Weibo Page for further engagement.

*Promoted Marketing.* Weibo's promoted marketing offerings include the following:

- *Promoted Feeds.* Promoted feeds appear in the user's information feed alongside organic feeds. We encourage our customers to produce feeds that have relevant information value similar to that of the user's organic feeds. Customers may use our SIG recommendation engine to better target their audience and improve the relevancy of the ad 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 value to our customers. We offer promoted feeds tailored to different customer segments;

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- FST is a customizable and self-service marketing solution under a bidding system. Customers are able to target users based on gender, age, geographic location, interests and device type. They can also target users by their social interaction on our platform. For example, they may target all of the fans of a given user. Customers can place FST ads either through our authorized distributors, who have expertise in social media marketing, or directly by themselves using our self-service advertising system;
- Fans Headline is a promoted feed that we guarantee will appear at the top of the information feeds of the customer's followers;
- Weibo Select is a highly customizable version of promoted feeds. We work directly with the customer or the customer's ad agency to define the parameters of the targeted marketing. For example, in addition to targeting users based on demographics and social relationships, customers can target users who have engaged with feeds using a specific keyword during a specified time period; and
- Weibo Express is a promoted service offered to key accounts for them to reach and engage with a broad range of Weibo users.
- *Promoted Accounts.* Promoted accounts appear either in a column next to the information feed on PC or directly in the information feeds on both PC and mobile devices. Promoted accounts are labeled but otherwise appear in the same format as other accounts that we recommend to our users. Promoted accounts provide customers a way to grow their followers, with whom they can then drive engagement 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.

Weibo provide its advertising and marketing customers with analytical tools to enable them to track and improve the effectiveness of their campaigns on Weibo's platform.

*Products for Platform Partners*

Weibo seeks to provide its platform partners with tools and APIs that they can use to share their content to Weibo's platform, distribute Weibo content across their properties and enhance their websites and applications with Weibo content, and to build social apps on Weibo or integrate their products with Weibo. Weibo's platform partners include traditional and online media outlets as well as developers of games and other

applications. Products offered for our platform partners include:

*Weibo Connect.* The following products allow our platform partners to link their websites and mobile apps to Weibo platform, enabling their users to share content to Weibo:

- *Single Sign-on Registration.* Users can register for access to our platform partners' websites and apps with their Weibo accounts instead of creating new accounts online. This feature eliminates the need for users to register and create a new log-in identity for each website or app they visit, making it easier to explore new websites and apps requiring log-in.
- *Social Plugins.* Social plugins are a set of embedded widgets, such as Share, Like, Comment and Follow, that allow users to access the functionality of Weibo from third-party websites and mobile apps. By installing Weibo social plugins on their websites or mobile apps, our partners enable their users to share content to Weibo, which may direct traffic of interested Weibo users back to their properties.
- *Multimedia Cards.* Multimedia cards allow our mobile app partners to enable their users to share multimedia content, such as photos, songs and short videos, in a feed to Weibo. Content shared on multimedia cards is tagged and can be discovered by users who search for the tagged keywords.

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*Weibo Service.* Weibo's open application programming interfaces allow third-party developers to build apps to serve individual and organization users.

- *App Application Programming Interfaces.* Weibo provides its platform partners a set of application programming interfaces that they can use to develop apps for Weibo platform. Currently, the most popular category of these apps is Weibo games.
- *Page App Application Programming Interfaces.* Weibo's Page app application programming interfaces allow platform partners to develop apps that improve the features and functionalities of Weibo Pages. For example, an e-commerce merchant can install a Page app that enables users to view and purchase its goods on Weibo. Page apps created by platform partners are becoming increasingly popular. We allow app developers to charge for the Page apps, but we currently do not have revenue share on these apps.
- *Enterprise Application Programming Interfaces.* Weibo offers enterprise services to businesses and other organizations through enterprise application programming interfaces. For example, Weibo's enhanced messaging application programming interfaces facilitate more convenient interaction between users and their followers. Using the application programming interfaces, third-party developers enable organizations to send private bulk messages to followers who have opted in to such subscriptions. For example, many followers of the China Earthquake Networks Center have subscribed for earthquake news alerts. With this subscription function, the Center is able to send timely earthquake news through Weibo's messenger to all of its subscribers at once. Weibo also provides data application programming interfaces to third-party developers for them to provide data analytics services to brands and businesses.

*Weibo Credit.* Weibo Credit allows its users to purchase in-game virtual items and other types of fee-based services on Weibo and for our platform partners to receive payment in an easy-to-use, secure and trusted environment.

*Weibo Wallet.* Weibo wallet enables users to hand out red envelopes and lucky money, to build a bigger and more active follower base.

***Other Businesses and Products***

*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.

*Game.* SINA's game portal provides users with downloads and gateway access to popular online games, information and updates on popular online and PC games and value-added application tools, all aimed at enhancing the overall multimedia community experiences of China's online game players.

*eReading.* eReading is a one-stop shop for book reviews as well as complimentary and fee-based online book reading. It also features information and updates on hot social and cultural topics and interviews with writers and famous opinion leaders. For the risks concerning the revocation of our Internet Publication License, see Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China We may not be able to continue offering online reading services or video services if we cannot find business partners with the required licenses.

*Email.* SINA's Email services include Free Email, VIP Mail and Corporate Email for enterprise users. SINA Email supports both POP3 and SMTP access and provides users with year-round anti-spam and anti-virus protection.

*Blog.* SINA Blog is a popular website in China for bloggers to publish and read original writings.

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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 small SMEs primarily through our distribution network.

Due to the expertise required to carry out an effective online marketing campaign, key accounts 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 queries to its web hosting sites with greater resources or lower loads. Our web pages are generated, served and cached by servers hosted at various co-location web hosting sites in mainland China, the U.S., Taiwan and Hong Kong. SINA's servers run on Linux, FreeBSD, Solaris and Windows platforms using Apache, Squid, Nginx, and Lighttpd servers. 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, AT&T in San Jose, 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 China Mobile and China Unicom 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 its 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 our MVAS and 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 current and new competitors can launch new websites, platforms or services at a relatively low cost. Many companies offer various content and services targeting this community that compete with our offerings.

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 online advertising market in 2015, the overall online advertising revenues grew at an annual growth rate of 36% in 2015, consistent with prior year. While the entire online ad market experienced healthy growth in the past year, certain trends have transformed the market. From regulatory perspective, the newly adopted Advertisement Law in 2015 has set a higher standard for the content and format of online advertisement. From ad products perspective, online display ad revenues grew 24% in 2015, which under paced the overall online ad revenue growth and have shown a slowdown trend compared with prior years. Within the display ad category, display ad with photos has reached a matured level and gradually lost market share to display ad in forms of video and rich media. From advertisers' perspective, a number of brand advertisers adjusted down their overall advertising budget in 2015 and put more emphasis on the effectiveness of ad campaigns and return on investment to maximize their advertising spending.

With these factors taken into account, along with macro headwinds and unfavorable foreign exchange rate impact, 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 ad products and ad system 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.

Among all the regulations, the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, promulgated on September 25, 2000 which were subsequently revised on July 29, 2014, is the primary governing law. The Telecom Regulations set out the general framework under which domestic Chinese companies such as our subsidiaries and VIEs may engage in various types of telecommunications services in the PRC. They reiterate the long-standing principle that telecommunications service providers need to obtain operating licenses as a mandatory precondition to begin operation. The Telecom Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. Value-added telecommunications services are defined as telecommunications and information services provided through public networks. On December 25, 2015, the 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 respectively. Under the 2015 Catalogue, the value-added telecommunication services was further classified into two sub-categories and 10 items. Internet content provision services, or ICP services, is under the second subcategory of value-added telecommunications businesses.

On December 20, 2001, after China's formal entry into the WTO, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, or the FITE Regulations, which became effective on January 1, 2002 and were amended by the State Council on September 10, 2008. The FITE Regulations stipulate that foreign-invested telecommunications enterprises, or FITEs, may undertake operations in basic telecom services and value-added telecom services. Currently, the foreign party to a value-added FITE may hold up to 50% of the equity, with no geographic restrictions on its operations. Before that, foreign investors were prohibited from investing in internet content services. The PRC government has not made any further commitment to loosen the regulation on FITEs, except for qualified Hong Kong Service Providers under the Mainland and Hong Kong Closer Economic Partnership Arrangement.

According to the Measures for the Administration of internet Information Services described below, an enterprise must obtain a license for operating value-added telecommunication services to conduct internet content service businesses. When the internet content involves areas of news, publishing, audio-visual programs, education, medicine, health, pharmaceuticals and medical equipment, which are regulated by MOC, MOE, MOH, GAPPRET and other governmental authorities, respectively, the enterprise must also obtain permission from responsible national authorities.

*PRC Corporate Structure*

The PRC government restricts foreign investment in internet-related and MVAS businesses. Accordingly, we operate our internet-related and MVAS 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*

The MII Circular 2006 was promulgated by the MII on July 13, 2006. According to the MII Circular 2006, since the FITE Regulation went into effect, some foreign investors have, by means of delegation of domain names and license of trademarks, conspired with domestic value-added telecom enterprises to circumvent the requirements of FITE Regulations and have been engaged in value-added telecom services illegally.

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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.

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 Measures for the Administration of internet Information Services, or the ICP Measures, went into effect on September 25, 2000. Under the ICP Measures, any entity providing information to online internet users must obtain an operating license from the MIIT or its local branch at the provincial level in accordance with the Telecom Regulations described above. The ICP Measures further stipulate that entities providing online information services in areas of news, publishing, education, medicine, health, pharmaceuticals and medical equipment must obtain permission from responsible national and local authorities prior to applying for an operating license from the MIIT or its local branch at the provincial or municipal level. Moreover, ICPs must display their operating license numbers in a conspicuous location on their websites. ICPs must exam their websites to remove categories of harmful content that are broadly defined. This obligation reiterates internet content restrictions set by other ministries over the past few years. In addition, the ICP Measures require ICP operators to obtain specific approvals before providing BBS services, which include electronic bulletin boards, electronic forums, message boards and chat rooms. On July 4, 2010, the approval requirement for providing BBS services was eliminated by the PRC State Council. However, in practice, the government authorities in Beijing still require the relevant ICP operators to obtain such approvals for providing of BBS services.

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 second category of the value-added telecommunication services (excluding fixed line phone call information services and internet information services). The license is valid through April 29, 2019 and is 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. The ICP Company also holds a Telecommunication and Information Services Operating License, which was issued by the MIIT authorizing the ICP Company to operate bulletin board system or BBS. The license is valid through November 23, 2020 and is 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 fixed line phone call information services and internet information services). The license is

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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 authorizing StarVI to provide information services excluding services in the area of news, publishing, education, medicine, health, pharmaceuticals, medical equipment and BBS. The license is valid through November 11, 2020 and is subject to annual inspection.

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Shenzhen Wangxing Technology Co., Ltd. ( Wangxing ) currently holds a Value-Added Telecommunication Services Operating License, which was originally issued by the MIIT authorizing Wangxing to provide nationwide information services of the second category of the value-added telecommunication services (excluding fixed line phone call information services and internet information services). The license is valid through August 29, 2019 and is subject to annual inspection. Wangxing also holds a Telecommunication and Information Services Operating License, which was issued by the Guangdong branch of the MIIT authorizing Wangxing to operate to provide information services excluding services in the area of news, publishing, education, medicine, health, pharmaceuticals, medical equipment, culture, radio and television programs and BBS. The license is valid through September 18, 2019 and is subject to annual inspection.

Guangzhou Media Message Technologies, Inc. ( Xunlong ) currently holds a Value-Added Telecommunication Services Operating License, which was originally issued by the MIIT authorizing Xunlong to provide nationwide information services of the second category of the value-added telecommunication services (excluding fixed line phone call information services and internet information services). The license is valid through August 29, 2019 and is subject to annual inspection.

Western-net currently holds a Value-Added Telecommunication Services Operating License issued by MIIT, authorizing us to provide nationwide information services (excluding fixed line phone call information services and internet information services). According to the Confirmation Letter issued by Beijing Communication Administration Bureau, Western-net has been approved to provide MVAS in Beijing. The license is valid through February 15, 2020 and is subject to annual inspection.

Weimeng currently 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.

***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, the China Internet Network Information Center 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.

*Online News Publishing*

On November 6, 2000 and September 25, 2005, the Provisional Regulations for the Administration of Website Operation of News Publication Services and the Provisions for the Administration of Internet News Information Services, respectively, were 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.

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Before commencing news-publishing services, the above regulations also require the general websites of non-news organizations to be approved by SCIO after securing permission from SCIO at the provincial level. In addition, the general websites intending to publish the news released by the aforementioned news agencies must enter into agreements with the respective organizations, and file copies of such agreements with the relevant administration department.

On December 27, 2000, the Information Office of Beijing People's Government approved the ICP Company to develop online news publishing services. On June 6, 2006, SCIO issued to the ICP Company the Internet News Information Service License, which is subject to annual inspection. In addition, 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. However, 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 may need to apply for the relevant approval and license, which Weimeng may not successfully obtain in a timely manner or at all.

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 news 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.

The SIIO published a revised draft of the Administrative Regulations for Internet News Information Services to solicit public comments on January 11, 2016.

***Online Transmission of Audio-Visual Programs***

On July 6, 2004, the SARFT promulgated the Measures for the Administration of Publication of Audio-visual Programs through internet or Other Information Network, which apply to the opening, broadcasting, integration, transmission or download of audio-visual programs via internet. An applicant who is engaged in the business of transmitting audio-visual programs shall apply for a license, which is to be issued by the SARFT in accordance with the categories of business, receiving terminals, transmission networks, and other items. The license is valid for two years and can be renewed upon its expiration. Foreign-invested enterprises are not allowed to engage in the above business. Moreover, the audio-visual programs of the news category published to the public through information network shall be limited to the programs produced and broadcasted by radio stations, television stations, radio television stations and approved news websites within the territory of China.

On December 20, 2007, the SARFT and the MII jointly promulgated the Administrative Provisions on internet Audio-visual Program Service, or the Audio-visual Program Provisions, which went effective on January 31, 2008. The Audio-visual Program Provisions stipulates, among others, that any entity engaged in internet audio-visual program service must obtain a License for Online Transmission of Audio-visual Programs issued by the SARFT or register with the SARFT. An applicant for engaging in internet audio-visual program service must be a state-owned entity or a state-controlled entity with full corporate capacity, and the business to be carried out by the applicant must satisfy the overall planning and guidance catalogue for internet audio-visual program service determined by the SARFT. The SARFT and the MII later jointly held a press

conference in February 2008 to clarify that websites that existed before the promulgation of the Audio-visual Program Provisions may, once they are registered with SARFT, continue operating the audio-visual services so long as those websites have not been in violation of the laws and regulations. Our VIEs in China are not state-owned or state-controlled companies, but our mainland China destination websites were launched before the promulgation of the Audio-visual Program Provisions and have been registered with the SARFT.

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On March 30, 2009, SARFT promulgated the Notice on Strengthening the Administration of the Content of internet Audio Visual Program, which reiterates (i) the requirement to obtain permits for audio-visual programs published to the public through an information network, where applicable and (ii) the prohibition of certain types of internet audio visual programs containing violence, pornography, gambling, terrorism or superstitious factors.

On April 1, 2010, the SARFT issued the internet Audio-visual Program Services Categories (Provisional), or the Provisional Categories, which classified internet audio-visual program services into four categories.

In 2012, SARFT and the State Internet Information Office of the PRC issued a Notice on Improving the Administration of Online Audio/Video Content Including Internet Drama and Micro Films. In 2014, GAPPRT released a Supplemental Notice on Improving the Administration of Online Audio/Video Content Including Internet Drama and Micro Films. This notice stresses that entities producing online audio/video content, such as internet dramas and micro films, must obtain a permit for radio and television program production and operation, and also that online audio/video content service providers should not release any internet dramas or micro films that were produced with any entity lacking such permit. For internet dramas or micro films produced and uploaded by individual users, the online audio/video service providers transmitting such content will be deemed responsible as the producer. Further, under this notice, online audio/video service providers can only transmit content uploaded by individuals whose identity has been verified and which content complies with the relevant content management rules. This notice also requires that online audio/video content, include internet drama and micro films, be filed with the relevant authorities before release.

In 2014, GAPPRT issued a Notice on Further Implementation of the Relevant Provisions on the Administration of Online Foreign Films and Teleplays. This notice reiterates the requirement that foreign films and teleplays should obtain a publication license or issuance license before being broadcast online. Websites that have obtained a License for Online Transmission of Audio-visual Programs with a license scope including category II (compiling and broadcasting services for audiovisual programs of films, television serial dramas and animations) are able to import foreign films and teleplays specifically for use in information network communication. The annual total amount of foreign films and teleplays imported by a single website for broadcasting under the Notice is not permitted to exceed 30% of the total amount of domestic films and teleplays purchased by the website for broadcasting in the previous year, and the importation plan is subject to approval from the GAPPRT.

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 SARFT 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 SARFT 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 cooperate 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 reading services or video services if we cannot find business partners with the required licenses.

***Production of Radio and Television Programs***

On July 19, 2004, the SARFT promulgated the Regulations for Administration on Production of Radio and Television Programs, or the Radio and TV Programs Regulations, which went into effect as of August 20, 2004. These Measures provide that anyone who wishes to produce or operate radio or television programs must first obtain an operating permit. Applicants for this permit must meet several criteria, including having a minimum registered capital of RMB3.0 million.



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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 November 10, 2017 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 April 2017.

**MVAS**

On March 1, 2009, the MIIT promulgated the Administrative Measures for the Licensing of Telecommunication Business Operations, which superseded the relevant measures published by the MIIT in 2001. These measures require an entity to obtain a business permit, which is divided into two categories: license for basic telecom services and license for value-added telecom services, in order to operate a telecommunication business. Furthermore, a distinction is made as to whether a license for conducting value-added telecommunication services is granted for intra-provincial or trans-regional (inter-provincial) activities. An appendix to the license will detail the permitted activities to be conducted by the enterprise. An approved telecom service operator must conduct its business (basic or value-added) in accordance with the specifications recorded on its Telecom Service Operating License. However, there are still ambiguities regarding the interpretation and application of the FITE Regulations.

The ICP Company currently holds a Value-Added Telecommunication Services Operating License originally issued by the MIIT authorizing the ICP Company to provide nationwide value-added telecommunications services (excluding fixed line phone call information services and internet information services). The license is valid through April 29, 2019 and is 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.

Xunlong currently holds a Value-Added Telecommunication Services Operating License issued on by the MIIT authorizing Xunlong to provide nationwide information services (excluding fixed line phone call information services and internet information services). The license is valid through August 29, 2019 and is subject to annual inspection.

StarVI currently holds a Value-Added Telecommunications Services Operating License issued on by the MIIT authorizing StarVI to provide nationwide information services (excluding fixed line phone call information services and internet information services). The license is valid through August 8, 2019 and is subject to annual inspection.

Wangxing currently holds a Value-Added Telecommunication Services Operating License originally issued on November 11, 2011 by the MIIT authorizing Wangxing to provide nationwide value-added telecommunication services in the second category (excluding fixed line phone call information services and internet information services). The license is valid through August 29, 2019 and is subject to annual inspection.

Western-net currently holds a Value-Added Telecommunication Services Operating License issued by MIIT, authorizing the company to provide nationwide information services (excluding fixed line phone call information services and internet information services). According to the Confirmation Letter issued by Beijing Communication Administration Bureau, Western-net has been approved to provide MVAS in Beijing. The license is valid through February 15, 2020 and is subject to annual inspection.

*Short Messaging Services*

On May 19, 2015, the MIIT promulgated the Provisions on the Administration of Short Messaging Services, or the SMS Provisions. The SMS Provisions requires that SMS providers obtain a relevant license for the provision of SMS, and mobile communication companies shall not provide network or service access to any entities or individuals seeking to provide SMS where such entities do not have the relevant operating license. For any charges to users for SMS, the service provider must inform the user of the service being provided, the content, the standards and methods of for determining any charges, and how to unsubscribe in advance. Such charges must also comply with any other relevant legal provisions and standards. SMS providers must maintain records of the time of transmission of such charged messages, user receipts and when a user unsubscribes, and shall not use SMS systems to circulate or broadcast illicit content. Further, when sending a marketing SMS to an individual, SMS service providers must obtain consent from such user. When obtaining such prior consent, SMS service providers must provide information on the type of marketing SMS that will be sent, and the frequency and the period during which the marketing SMS will be sent. SMS service providers should also make available to the recipient an unsubscribe facility that is easy to use when sending a marketing SMS, and should not send marketing messages to a recipient if he/she subsequently withdraws consent. The SMS Provisions also establish a reporting system by which users can make complaints and file reports. Violation of these regulations may result in penalties, including fines, confiscation of the SMS incomes, and even suspension of operations.

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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 SAPPFT 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 reading services or video services if we cannot find business partners with the required licenses.

***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 (these regulations were revised by MOC on July 1, 2004 and further revised and re-promulgated on February 17, 2011). 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 amended on February 21, 2008 and took effect on April 15, 2008. 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

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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.

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According to the Circular of the Ministry of Culture on Strengthening the Examination of Content of Online Games Products issued by MOC on May 14, 2004, the content of any foreign online game products should be examined and approved by MOC before they are operated within China. Entities engaged in developing and operating domestic online games products should register with the MOC.

On November 13, 2009, MOC issued the Circular of the Ministry of Culture on Improving and Strengthening the Examination of Content of Online Games. According to this circular, offensive promotion and advertisement of online games, games propagating eroticism, gambling and violence, and other online games without the approval from MOC, are strictly prohibited.

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 3, 2010, the MOC promulgated the Interim Measures for Administration of Online Games, or the Online Games Measures, which became effective on August 1, 2010. The Online Games Measures reiterate that any online games operator should obtain an Online Culture Operating Permit to engage in online game services. In addition, the content of any imported online games should be examined and approved by MOC before they are operated within China, and any domestic online games should be registered with MOC.

On February 15, 2007, the MOC, the PBOC and other relevant government authorities jointly issued the Notice on the Reinforcement of the Administration of internet Cafés and Online Games. Under this notice, the PBOC is directed to strengthen the administration of virtual currency in online games to avoid any adverse impact on the real economic and financial systems. This notice provides that the total amount of virtual currency issued by online game operators and the amount purchased by individual users should be strictly limited, with a strict and clear division between virtual transactions and real e-commerce transactions. This notice also provides that virtual currency should only be used to purchase virtual items.

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.

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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.

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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.

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 SAPPRT before it is launched online.

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, which is valid through December 31, 2017. 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.

***Internet Medical, Health and Drug Information Services***

On May 1, 2009, MOH promulgated Administrative Measures for internet Medical and Health Information Services, which require an entity that provides internet medical-and-health-related information services to obtain an approval letter from the health administrative departments at the provincial level and strictly prohibit the website from releasing any superstitious, pornographic or false information or publish any medical advertisements without examination and approval or provide online diagnosis or treatment services.

On August 18, 2010, Beijing Health Bureau issued an approval letter to the ICP Company to approve the ICP Company to provide medical-and-health-related information services for two years. Upon expiration, the approval letter of medical-and-health-related information services has been renewed with a term valid through May 5, 2016.

According to the Measures for the Administration of internet Drug Information Services, issued by the State Drug Administration (SDA), on July 8, 2004, 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.

***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:

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- 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 31, 2017. StarVI currently holds an Online Culture Operating Permit issued by MOC, which is valid through December 31, 2016. Wangxing currently holds an Online Culture Operating Permit issued by MOC, which is valid through March 11, 2017. Xunlong currently holds an Online Culture Operating Permit issued by MOC, which is valid through March 11, 2017. Weimeng currently holds an Online Culture Operating Permit issued by MOC, which is valid through December 31, 2017.

***Online Advertising***

The PRC government regulates advertising, including online advertising, principally through the SAIC, although there is no PRC law or regulation at the national level that specifically regulates the online advertising business. Prior to November 30, 2004, in order to conduct any advertising business, an enterprise was required to hold an operating license for advertising in addition to a relevant business license. On November 30, 2004, the SAIC issued the Administrative Rules for Advertising Operation Licenses, effective as of January 1, 2005, granting a general exemption to this requirement for most enterprises (other than radio stations, television stations, newspapers and magazines, non-corporate entities and entities specified in other regulations). Because our subsidiaries and VIEs which engage in advertising businesses qualify for the exemption noted above, they are not required to hold an advertising operation license.

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 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.

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.



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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](http://www.sina.com.cn).

***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.

***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. 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.

*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 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.

The Administrative Measures for the Security Protection of International Connections to Computer Information Network, promulgated by the Ministry of Public Security in 1997, 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.

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The Provisions on Technological Measures for Internet Security Protection, promulgated by the Ministry of Public Security in 2005, 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 Detailed Implementing Rules for the Measures for the Administration of Commercial Website Filings for the Record, promulgated by Beijing Administration for Industry and Commerce ( BAIC ) in July 2002, 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.

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. Specifically, even though the requirement to obtain specific approvals before providing BBS services, which include electronic bulletin boards, electronic forums,

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message boards and chat rooms, has been terminated according to a decision issued by the PRC State Council on July 4, 2010, in practice, the government authorities in Beijing still require the relevant ICP operators to obtain such approvals for providing BBS services. Internet companies in China with bulletin boards, chat rooms or similar services must apply for the approval by the State Security Bureau prior to operating such services. 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 cybersecurity 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 July 6, 2015, the Standing Committee of the National People's Congress released a Draft Cyber Security Law to solicit public comments. Once adopted, this will be the first Chinese law that focuses exclusively on cyber security. The Draft sets high requirements for the operational security of facilities deemed to be part of the PRC's key information infrastructure facilities, and includes national security examinations under certain circumstances. Among other factors, key information infrastructure facilities include networks and systems owned or managed by network service providers with a significant number of users. The Draft provides that key information infrastructure facilities operators must set up specialized internal security management divisions and assign appropriate persons to be responsible for security management. Additionally, these operators must conduct background checks on the persons responsible for security management and on personnel in other critical positions. The Draft provides that when operators of key information infrastructure facilities purchase network products or services that may affect or involve national security, the operator must pass a security examination jointly arranged by the national network and information authority and the relevant government departments, in addition to which a national security examination process under the National Security Law will be triggered. In addition, the Draft provides that the operators of key information infrastructure facilities must store important data collected and generated through their operations, including citizens' personal information, exclusively within the territory of the People's Republic of China. The Draft also establishes more stringent requirements for network operators. The Draft establishes censorship duties for network operators, including digital information distribution service providers and application software download service providers, such that when these operators become aware of a prohibited publication, or the transmission of illicit information, they must promptly stop transmitting the information and take measures to prevent the spread of that information. Operators must maintain a record of these incidents when they occur and report them to the competent authorities. The relevant authorities may also order such actions if the authorities themselves become aware of any prohibited information. Where any prohibited information comes from outside the territory of China, the authorities may additionally request that all relevant institutions take measures to stop the flow of such prohibited information. As this law is only in draft form, there are substantial uncertainties as to its enactment timetable, final content, likely interpretation and ultimate implementation. The draft Cyber Security Law, if enacted as proposed, could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

***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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*Encryption Software*

On October 7, 1999, the State Encryption Administration Commission published the Regulations for the Administration of Commercial Encryption, followed by the first Notice of the General Office of the State Encryption Administration Commission on November 8, 1999. Both of these regulations address the use of software in China with encryption functions. According to these regulations, purchase of encryption products must be reported. Violation of the encryption regulations may result in a warning, penalty, confiscation of the encryption product, or criminal liabilities.

On March 18, 2000, the Office of the State Commission for the Administration of Cryptography issued a public announcement regarding the implementation of those regulations. The announcement clarifies the encryption regulations as below:

- Only specialized hardware and software, the core functions of which are encryption and decoding, fall within the administrative scope of the regulations as encryption products and equipment containing encryption technology. Other products such as wireless telephones, Windows software and browsers do not fall within the scope of this regulation.
- The PRC government has already begun to study the laws in question in accordance with WTO rules and China's external commitments, and will make revisions wherever necessary. The Administrative Regulations on Commercial Encryption will also be subject to such scrutiny and revision.

In late 2005, the Administration Bureau of Cryptography further issued a series of regulations to regulate the development, production and sales of commercial encryption products, which all came into effect on January 1, 2006.

We believe that the companies described in C. Organizational Structure below are in proper compliance with these requirements. For the legal uncertainties associated with encryption software, please see Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China We may have to register our encryption software with Chinese regulatory authorities, and if they request that we change our encryption software, our business operations could be disrupted as we develop or license replacement software.

*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.



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

***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.

*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

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- 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. Under the EIT Law and the Implementing Rules, which superseded the Previous EIT Law, 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

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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, 2015, 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, 2015, five of our subsidiaries in China were qualified as software enterprises under the EIT Law and two subsidiaries enjoyed the tax holiday of software enterprises.

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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, 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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On December 10, 2009, the State Administration of Taxation issued a circular on Strengthening the Administration of Enterprise Income Tax Collection on Income Derived from Equity Transfer by Non-resident Enterprise, or Circular 698. Pursuant to Circular 698, non-resident enterprises should declare any direct transfer of equity interest of PRC resident enterprises and pay taxes in accordance with the EIT Law and relevant laws and regulations. For an indirect transfer, if the effective tax rate for the transferor (a non-PRC-resident enterprise) is lower than 12.5% under the law of the jurisdiction of the direct transferred target, the transferor is required to submit relevant transaction materials to PRC tax authorities for review. If such indirect transfer is determined by PRC tax authorities to be a transaction without any reasonable business purpose other than for the purpose of tax avoidance, the gains derived from such transfer will be subject to PRC income tax. On February 3, 2015, the SAT issued SAT Circular 7 to supersede the existing tax rules in relation to indirect transfer, while the other provisions of SAT Circular 698 remain in force. SAT Circular 7 extends its tax jurisdiction to capture not only indirect transfers as set forth under SAT Circular 698 but also transactions involving transfers of movable and immovable property in China belonging to a foreign company through the offshore transfer of a foreign intermediary holding company. According to SAT Circular 7, if a non-resident enterprise indirectly transfers China taxable properties through an arrangement without reasonable commercial purpose but rather to avoid China enterprise income tax, the Indirect Transfer shall be re-characterized and treated as a direct transfer of China taxable property. SAT Circular 7 also interprets the term "transfer of the equity interest in a foreign intermediary holding company" broadly. In addition, SAT Circular 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios, such as open market trading of stocks in public companies listed. Further, SAT Circular 7 replaces the compulsory reporting requirement in SAT Circular 698 with a voluntary reporting regime, and the criteria set forth in Circular 698 for indirect transfer reporting have been abolished. 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. In addition to the voluntary reporting, SAT Circular 7 empowers the Chinese tax authorities to require various documents from the parties involved. Although SAT Circular 7 provides clarity in many important areas, such as reasonable commercial purpose and reporting requirements, it brings challenges to both the foreign transferor and transferee involved in the Indirect Transfer, as they are required to make their own determination of whether the transaction should be subject to PRC tax and to file or withhold the PRC tax accordingly. It 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.

***Business Tax and Value-Added Tax***

Pursuant to applicable PRC tax regulations, 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 a pilot program (the "Pilot Program") launched by the PRC government, 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***

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The Labor Law of the PRC, or the Labor Law, which became effective on January 1, 1995, 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 further 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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Equity interest for companies.

Contractual arrangements including loan agreements, share transfer agreements, loan repayment agreements, agreements on authorization to exercise shareholder s voting power, share pledge agreements, exclusive technical services agreements, exclusive sales agency agreements and trademark license agreements. See C. Organizational Structure.

(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 27.1% equity interest, G. Wang, the chief executive officer of Weibo, holding 22.8% equity interest respectively, and Y. Wang, a director of our company, holding 0.2% 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 \$19.0 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.

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- (4) Shareholders of Xunlong include two nominee shareholders, H. Su and B. Luo, holding 55% and 45% of Xunlong's equity interest, respectively. The registered capital of Xunlong is \$1.2 million.
- (5) Shareholders of Wangxing include two nominee shareholders, X. Wang and X. Wang, holding 45% and 55% of Wangxing equity interest, respectively. The registered capital of Wangxing is \$1.2 million.
- (6) 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 \$9.1 million.
- (7) 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.
- (8) 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.
- (9) The nominee shareholders of our VIEs have immaterial stake in our company.

**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, 2015, the total amount of interest-free loans to the employee shareholders of the VIEs listed above and the other inactive VIEs was \$61.4 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:

*Loan Agreements.* One of our wholly owned subsidiaries, Sina.com Technology (China) Co., Ltd( STC ), or Weibo Internet Technology (China) Co., Ltd., or Weibo Technology, in the case of Weimeng, has granted interest-free loans to the shareholders of the VIEs with the sole purpose of providing funds necessary for the capital injection of the VIEs. The terms of the loans are ten years in general. STC, or Weibo Technology in the case of Weimeng, 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 VIEs has granted STC, or Weibo Technology in the case of Weimeng, an option to purchase his/her shares in the respective VIEs at a purchase price equal to the amount of capital injection. STC, or Weibo Technology in the case of Weimeng, may exercise such option at any time until it has acquired all shares of such VIE, subject to applicable PRC laws. The options will be effective until the earlier of (i) the shareholders of the VIEs and STC, or Weibo Technology in the case of Weimeng, have fully performed their obligations under this agreement, or (ii) the respective shareholders of the VIEs and STC, or Weibo Technology in the case of Weimeng, agree to terminate the share transfer agreement in writing.

*Loan Repayment Agreements.* Each shareholder of the VIEs and STC, or Weibo Technology in the case of Weimeng, has 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 set off against the loan repayment. The loan repayment agreements will be effective until the earlier of (i) the shareholders of the VIEs and STC, or Weibo Technology in the case of Weimeng, have fully performed their obligations under the respective agreement, and (ii) the respective shareholders of the VIEs and STC, or Weibo Technology in the case of Weimeng, agree to terminate the share transfer agreement in writing.

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

*Share Pledge Agreements.* Each shareholder of the VIEs has pledged all his/her shares in the VIEs and all other rights relevant to the share rights to STC, or Weibo Technology in the case of Weimeng, as a collateral security for his/her obligations to pay off all debts to STC, or Weibo Technology in the case of Weimeng, under the loan agreement and for the payment obligations of the VIEs under the trademark license agreement and the technical services agreement. In the event of default of any payment obligations, STC, or Weibo Technology in the case of Weimeng, 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, or Weibo Technology in the case of Weimeng, 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 VIEs and the shareholders of the VIEs have fully performed their obligations under the above-referred agreements, or (iii) STC or Weibo Technology in the case of Weimeng, has unilaterally consented to terminate the respective share pledge agreement.

*Exclusive Technical Services Agreements.* Each of the VIEs has entered into an exclusive technical services agreement with STC, or Weibo Technology in the case of Weimeng, pursuant to which STC, or Weibo Technology in the case of Weimeng, is engaged to provide certain technical services to the VIEs, depending on the licenses obtained and held by the VIE. These exclusive technical services agreements can only be prematurely terminated by STC, or Weibo Technology in the case of Weimeng, and will not expire until the respective VIEs dissolve, with the services fee being adjusted annually through written agreements. Due to their control over the respective VIEs, our wholly owned subsidiaries have the right to determine the service fees to be charged to the respective VIEs by considering, among others, the technical complexity of the services, the actual costs that may be incurred for providing the services, the operations of each VIE, applicable tax rates, planned capital expenditures and business strategies.

Xunlong, one of our VIEs, has engaged STC to provide technical services for its internet information service and MVAS businesses and STC has the sole right to appoint any company or companies at its discretion to perform such technical services. Beijing New Media Information Technology Co., Ltd., our wholly owned subsidiary, has been appointed by STC to perform technical services for Xunlong.

Wangxing, one of our VIEs, has also entered into a technical services agreement with STC with terms and rights substantially identical to the technical services agreement entered into between Xunlong and STC for the internet information service and MVAS businesses described above.

The ICP Company, one of our VIEs, 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.

IAD Company, one of our VIEs, has also entered into a technical services agreement with STC with terms substantially identical to the technical services agreement entered into between ICP Company and STC for the online advertising and other related businesses described above. Pursuant to changes in applicable PRC laws in 2008, SINA established two wholly owned subsidiaries to engage directly in online advertising and related businesses.

StarVI, one of our VIEs, has also entered into a technical services agreement with STC, with terms substantially identical to the technical services agreement entered into between Xunlong and STC for the value-added telecommunication and other related businesses described above.

Weimeng, one of our VIEs, has engaged Weibo Technology to provide technical services for its online advertising and other related businesses.

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*Exclusive Sales Agency Agreements.* Each of the VIEs has granted STC, or Weibo Technology in the case of Weimeng, the exclusive right to distribute, sell and provide agency services for all the products and services provided by the VIEs. These exclusive sales agency agreements can only be prematurely terminated by STC, or Weibo Technology in the case of Weimeng, and will not expire until the respective VIEs dissolve. We have entered into the Exclusive Sales Agency Agreements to allow us to generate revenues from the VIEs 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 Agreements.* STC, or Weibo Technology in the case of Weimeng, has granted each of the VIEs trademark licenses to use the trademarks held by STC, or Weibo Technology in the case of Weimeng, in specific areas, and each of the licensed VIEs is obligated to pay license fees to STC, or Weibo Technology in the case of Weimeng. The term of these agreements is one year and is automatically renewed provided there is no objection from STC, or Weibo Technology in the case of Weimeng. In addition, only STC or Weibo Technology in the case of Weimeng may terminate the respective trade license agreement prematurely. We have entered into the Trademark License Agreements to provide other potential revenue-generating channels from the VIEs.

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 principal sales, marketing and development facilities are located on premises comprising approximately 48,950 square meters in Beijing, China. We also have sales, marketing and other operations at satellite offices across China. We lease office facilities under non-cancelable operating leases with various expiration dates through 2021. 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.

We signed an agreement in July 2012 with Beijing Zhong Guan Cun Software Park Development Company Limited to purchase a parcel of land for the construction of office building, at a price of approximately \$35.3 million which has been fully paid.

In May 2013, we entered into an agreement for the construction of a new office building in Zhongguancun Software Park, Haidian District, Beijing. The gross floor area for the new office building as planned is approximately 132,000 square meters and the aggregate construction cost is expected to be ranging from \$240 million to \$260 million, to be paid in installments over the construction period. As of December 31, 2015,

an accumulative amount of \$178.3 million construction costs has been paid.

**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.*

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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 portal and mobile apps), 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.** Our mobile portal, SINA.cn, provides information and entertainment content from SINA.com customized for mobile users. We have also developed a broad range of mobile apps such as SINA News, SINA Sports, SINA Finance and SINA Entertainment to complement our mobile offering.

**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 2015, Weibo had 235.7 million MAUs and 106.3 million average DAUs, increasing from 175.7 million MAUs and 80.6 million average DAUs in December 2014, with over 83% 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 and Weibo, such as promoted feeds. We generate the majority of our revenues from online advertising and marketing services and, to a lesser degree, from fee-based services.

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 increased the demand for our online advertising revenue in 2015. 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.

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:

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- 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 and fully implement and capitalize upon the strategic alliance between our affiliates and entities affiliated with the Alibaba Group;
  
- 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. Although we believe it is strategically important to stay in the MVAS business, 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 market spends 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 April 2013, we entered into an agreement to form a strategic alliance between several of our affiliated entities, including PRC subsidiaries of Weibo, and several entities affiliated with Alibaba, including Taobao (China) Software Co., Ltd. and Zhejiang Tmall.com Technology Co., Ltd., to jointly explore social commerce and develop innovative marketing solutions to enable merchants on Alibaba e-commerce platforms to better connect and build relationships with Weibo users. The strategic alliance generated approximately RMB2.3 billion (\$381 million) in advertising and marketing revenues in aggregate for us from 2013 to 2015. Our cooperation with Alibaba continues in the ordinary course of our business after our strategic cooperation agreement with Alibaba expired in January 2016.

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Concurrently with the formation of the strategic alliance between Alibaba and us, Alibaba, through Ali WB, a wholly owned subsidiary of Alibaba, invested \$585.8 million to purchase preferred and ordinary shares of Weibo in April 2013, representing approximately 18% of Weibo on a fully diluted basis. We also granted an option to Ali WB which enables Ali WB to increase its ownership in Weibo up to 30% on a fully diluted basis, and the option was fully exercised by Ali WB concurrently with Weibo's initial public offering in April 2014.

In April 2014, Weibo listed its American depositary shares on the NASDAQ Global Select Market in connection with its initial public offering. As a part of the offering, 6,000,000 Weibo ADSs were allotted to Ali WB. Concurrently with the initial public offering, Ali WB fully exercised its option to acquire an additional 2,923,478 Class A ordinary shares of Weibo in a private placement and 21,067,300 Class A ordinary shares from us. Subsequent to its initial public offering, Weibo repurchased 2,923,478 ordinary shares from our company with the proceeds from the issuance of ordinary shares to Ali WB in the private placement. As of March 31, 2016, we remained the majority shareholder of Weibo, holding approximately 54.5% of Weibo's total outstanding shares, and Ali WB remained the second largest shareholder holding approximately 30.5% of Weibo's total outstanding shares.

**Critical Accounting Policies, Judgments and Estimates**

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, recognition of non-controlling interests, fair value, goodwill and other long-lived assets, long-term investments and foreign currency. 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.

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. Our advertising revenues are also from display advertising arrangements, which are recognized ratably over the contract period of display, when the collectability is reasonably assured. We enter into cost per mille (CPM), or cost per thousand impressions, advertising arrangements with the 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.

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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 estimation 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 estimation 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.

*Fee-based revenues*

*MVAS*

MVAS revenues are derived principally from providing mobile phone users with SMS, MMS and IVR, etc. Revenues from MVAS are charged on a monthly or per-usage basis. Such revenues are recognized in the period in which the service is performed, provided that no significant obligations remain, collection of the receivables is reasonably assured and the amounts can be accurately estimated.

Revenues are recorded on a gross basis when most of the gross indicators are met, such as we are considered the primary obligor in the arrangement, design and develop (in some cases with the assistance of third-parties) the MVAS, have reasonable latitude to establish price, have discretion in selecting the operators to offer our MVAS, provide customer services related to the MVAS and take on the credit risks associated with the transmission fees. Conversely, revenues are recorded on a net basis when most of the gross indicators are not met.

Due to the time lag between when the services are rendered and when the operator billing statements are received, MVAS revenues are estimated based on our internal billing records and transmissions for the month, adjusting for prior periods confirmation rates with operators and prior periods discrepancies between internally estimated revenues and actual revenues confirmed by operators. The confirmation rate applied to the estimation of revenues is determined at the lower of the latest confirmation rate available and the average of six-month historical rates if such historical average is available. If we have not yet received confirmation rates for six months, revenues would be deferred until billing statements are received from the operators. Historically, there have been no significant adjustments to the revenue estimates.

*Other fee-based services*

Other fee-based services allow our users to subscribe to services on our websites or platform, including game-related services, VIP membership, e-reading and paid personal/corporate email services 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.

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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 given that 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. We view the game developers to be our customers, and 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. Accordingly, we record game-related revenues net of predetermined revenue-sharing with the game developers.

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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 net of the game developer proceeds 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.

*Deferred revenues*

Deferred revenues are mostly derived from a licensing agreement with E-House. Deferred revenues also consist of 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 reflect 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 position and results of operations. Allowances for doubtful accounts charged to our income statement were \$10.4 million, \$21.6 million and \$14.9 million for 2013, 2014 and 2015, 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.

Prior to Weibo's initial public offering, the determination of estimated fair value of our subsidiary requires complex and subjective judgments due to their limited financial and operating history, unique business risks and limited public information on companies in China similar to ours. We, with the assistance of our independent valuation firm, evaluated the use of two generally accepted valuation approaches. We used 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 two approaches if more than one was applicable, to estimate our subsidiary's enterprise value for purposes of recording stock-based compensation in connection with employee stock options and recording fair value changes for our option liability to Alibaba. Before April 2013, the market approach was primarily used to determine the fair value of our subsidiary's ordinary shares. We selected guideline companies that engaged in a similar line of business with similar growth prospects and that were subject to similar financial and business risks. The income approach was applied from April 2013, prior to Weibo's initial public offering, since the revenue model for our subsidiary had been established and projections of revenues, costs and expenses, incremental working capital and capital expenditures became available as our business developed. If different assumptions were used for estimating stock-based compensation expense or if a different valuation method were used, the change in our stock-based compensation expense could adversely affect our gross profit, operating income, net income attributable to SINA and net income per share attributable to SINA.

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We recognize the estimated compensation cost of service-based restricted share units based on the fair value of its 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.

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.

***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***

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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, including long-term investments accounted for using the equity method and the consolidated subsidiaries, such as Weibo, and interest expenses along with relevant amortized issuance costs of convertible debt under certain circumstances.

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***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, irrespective of the extent of any non-controlling interests. The excess of (i) the total of cost of acquisition, fair value of non-controlling interests and acquisition date fair value of any previously held equity interest in an acquiree over (ii) the fair value of identifiable net assets of an acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of a subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income. In a business combination achieved in stages, we remeasure our previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the re-measurement gain or loss, if any, is recognized in earnings. The determination and allocation of fair values to the identifiable assets acquired, liabilities assumed and non-controlling interests is based on various assumptions and valuation methodologies requiring considerable judgment from management. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. We determine discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected life of assets, forecasted life cycle and forecasted cash flows over that period.

***Non-controlling interests***

For our majority-owned subsidiaries and VIEs, non-controlling interests are recognized to reflect the portion of their equity that is not attributable, directly or indirectly, to SINA as the controlling shareholder. The majority of our non-controlling interests relate to the operations of Weibo. To reflect the economic interest in Weibo held by non-controlling shareholders, Weibo's net income (loss) attributable to the non-controlling ordinary shareholders is recorded as non-controlling interests in our consolidated statements of comprehensive income. Pursuant to the liquidation terms and redemption terms of the preferred shares, any net loss by Weibo will not be allocated to the non-controlling preferred shareholders. Immediately prior to the completion of Weibo's initial public offering, the preferred shares automatically converted into ordinary shares and thus should participate in share of net income or loss by Weibo thereafter. Non-controlling interests are classified as a separate line item in the equity section of our consolidated balance sheets and have been separately disclosed in our consolidated financial statements to distinguish the interests from ours.

***Fair value***

***Financial instruments***

All financial assets and liabilities are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.



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Certain financial assets, including investments under cost method and equity method, are marked to fair value upon other-than-temporary basis, intangible assets, goodwill and fixed assets are marked to fair value when an impairment charge is recognized.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

We measure certain financial assets, including our investments under cost method and equity method on an other-than-temporary basis and measures intangible assets, goodwill and fixed assets, at fair value on a nonrecurring basis only if an impairment charge were to be recognized.

The carrying amount of cash and cash equivalents, restricted cash, short-term investments, accounts receivable and other current assets, accounts payable, amount due to customers and accrued liabilities approximates fair value.

***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of our acquisitions of interests in our subsidiaries and consolidated VIEs. We assesses goodwill for impairment in accordance with ASC subtopic 350-20 ( ASC 350-20 ), Intangibles - Goodwill and Other: Goodwill, which requires that goodwill be tested for impairment at the reporting unit level at least annually and more frequently upon the occurrence of certain events, as defined by ASC 350-20. US GAAP provides the option to apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. The qualitative approach starts the goodwill impairment test by assessing qualitative factors, which by taking into consideration of macroeconomics, overall financial performance, industry and market conditions and the share price of our company, to determine whether it is more likely than

not that the fair value of a reporting unit is less than its carrying amount. If so, the quantitative impairment test is performed; otherwise, no further testing is required. The quantitative impairment test consists of a comparison of the fair value of goodwill with its carrying value. For reporting units directly applying a quantitative assessment, the goodwill impairment test is quantitatively performed by comparing the fair values of those reporting units to their carrying amounts. Commencing in January 2012, we adopted the option to apply the qualitative approach to assess its goodwill on the relevant reporting units. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

*Long-lived assets*

Intangible assets arising from acquisitions are recognized at fair value upon acquisition and amortized on a straight-line basis over their useful lives, generally from two to ten years.

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Long-lived assets and certain identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for long-lived assets and certain identifiable intangible assets that management expects to hold or use is based on the amount by which the carrying value exceeds the fair value of the asset. Changes in these estimates and assumptions could materially impact our financial position and results of operations.

Property and equipment are stated at historical cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally from three to five years. Judgment is required to determine the estimated useful lives of assets, especially for computer equipment, including determining how long existing equipment can function and when new technologies will be introduced at cost-effective price points to replace existing equipment. Changes in these estimates and assumptions could materially impact our financial position and results of operations.

*Long-term investments*

Long-term investments are comprised of investments in publicly traded companies, privately held companies and limited partnerships. For equity investments over which we do not have significant influence, the cost method of accounting is used. For long-term investments in shares that are not ordinary shares or in-substance ordinary shares and that do not have readily determinable fair value, the cost method accounting is used. Investments in limited partnerships over whose operating and financing policies that we have virtually no influence are accounted for using the cost method. We account for common-stock-equivalent equity investments and limited partnership investments in entities over which we have significant influence but do not own a majority equity interest or otherwise control using the equity method.

We assess our investments accounted for under the cost method and equity method for other-than-temporary impairment by considering factors including, but not limited to, stock prices of public companies in which we have an equity investment, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information, such as recent financing rounds. The fair value determination, particularly for investments in privately held companies whose revenue models are still unclear, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and the determination of whether an identified impairment is other-than-temporary. If an impairment is considered other-than-temporary, we will write down the asset to its fair value and take the corresponding charge to the consolidated statements of comprehensive income.

Our investments in marketable securities are held as available for sale and are reported at fair value. The treatment of a decline in the fair value of an individual security is based on whether the decline is other-than-temporary. Significant judgment is required to assess whether the impairment is other-than-temporary. Our judgment of whether an impairment is other-than-temporary is based on an assessment of factors including, but not limited to, our ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Changes in the estimates and assumptions could affect our judgment of whether an identified impairment should be recorded as an unrealized loss in the equity section of our consolidated balance sheets or as a realized loss in the consolidated statements of comprehensive income.

*Foreign currency*

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Our reporting currency and functional currency are the U.S. dollar and our subsidiaries and VIEs in China, Hong Kong and Taiwan use their respective local currencies as their functional currencies. An entity's functional currency is the currency of the primary economic environment in which the entity operates. Management must use judgment in determining an entity's functional currency, assessing economic factors including cash flow, sales price, sales market, expense, financing and inter-company transactions and arrangements. Impact from exchange rate changes related to transactions denominated in currencies other than the functional currency is recorded as a gain and loss in our consolidated statements of comprehensive income, while impact from exchange rate changes related to translating a foreign entity's financial statements from its functional currency to our reporting currency, the U.S. dollar, is disclosed and accumulated in a separate component under the equity section of our consolidated balance sheets. Translation gains or losses are not released to net income unless the associated net investment has been sold, liquidated or substantially liquidated. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. Management uses judgment in determining the timing of recognition of translation gains or losses. Such determination requires assessing whether translation gains or losses were derived from the sale or complete or substantially complete liquidation of an investment in a foreign entity. Different judgments or assumptions resulting in a change of functional currency or timing of recognition of foreign exchange gains or losses may materially impact our financial position and results of operations.

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**Recent accounting pronouncements**

In May 2014, the FASB issued, ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance substantially converges final standards on revenue recognition between the FASB and the International Accounting Standards Board providing a framework on addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. In April 2015, the FASB proposed a one-year delay in the effective date and companies will be allowed to early adopt as of the original effective date. Accordingly, this guidance will be effective for us beginning the first quarter of fiscal year 2018. We are in the process of evaluating the impact of adoption of this guidance on our consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810) - Amendments to the Consolidation Analysis, which provides guidance for reporting entities that are required to evaluate whether they should consolidate certain legal entities. In accordance with ASU 2015-02, all legal entities are subject to reevaluation under the revised consolidation model. This guidance is effective for us beginning the first quarter of fiscal year 2016. Early adoption is permitted. We do not expect the adoption of this guidance will have a significant effect on our consolidated financial statements.

In April 2015, the FASB issued updated guidance which requires the issuer to present the issuance costs of debt liability in the balance sheet as a direct deduction from the related debt liability rather than as an asset. This guidance will be adopted by us beginning the first quarter of fiscal year 2016. As of December 31, 2015, the balance of issuance cost of debt was \$4.9 million, which was immaterial and included in prepaid and other current assets in our balance sheets. We believe the adoption of this guidance will have immaterial impact on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement for acquirers in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for us beginning the first quarter of fiscal year 2016 with early adoption permitted. We do not expect the implementation of this update to have any material impact on our consolidated financial statements.

In November 2015, the FASB issued updated guidance which requires deferred tax assets and liabilities to be presented as noncurrent on the balance sheet. This guidance was required to be adopted by us beginning the first quarter of fiscal year 2017 and early adoption is permitted. We early adopted the guidance, and retrospectively presented \$3.9 million of current deferred tax assets and \$1.1 million of current deferred tax liabilities as noncurrent in our consolidated balance sheet as of December 31, 2014.

In January 2016, the FASB issued an updated guidance, ASU 2016-1, Classification and Measurement of Financial Instruments, which is intended to improve the recognition and measurement of financial instruments. This guidance will be effective for us beginning the first quarter of fiscal year 2018. We are currently evaluating the impact that this new guidance will have on our consolidated financial statements.

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In February 2016, the FASB issued a new standard on leases, ASU 2016-2, which requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize a liability to make lease payments (the lease liability) and a right-of use representing its right to use the underlying asset for the lease term in the statements of financial position. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This standard will be effective for us beginning the first quarter of fiscal year 2019. We are currently evaluating the impact that this new standard will have on our consolidated financial statements.

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	For the Year Ended December 31,						% of Change	
	2013		2014		2015		YOY	YOY
							2014	2015
			(In thousands, except percentages)					
	\$	%	\$	%	\$	%	%	%
Portal Advertising	378,068	57	375,504	49	340,814	39	(1)	(9)
Weibo	188,313	28	334,172	43	477,891	54	77	43
Others	98,725	15	58,565	8	61,964	7	(41)	6
	665,106	100	768,241	100	880,669	100	16	15

We generate revenues from portal advertising business, including advertising on SINA.com and SINA mobile properties. Starting from the first half of 2012, we began to generate revenues from Weibo, including revenues from Weibo advertising and marketing as well as Weibo VAS. We also generate other revenues from MVAS, game-related services, e-reading and paid email services.

*2015 Compared to 2014.* Our total net revenues increased 15% year over year from \$768.2 million in 2014 to \$880.7 million in 2015, mainly due to the growth of Weibo revenues, partially offset by the decrease in portal advertising revenues.

*2014 Compared to 2013.* Our total net revenues increased 16% year over year from \$665.1 million in 2013 to \$768.2 million in 2014. The increase was driven by the growth in Weibo revenues, partially offset by a decrease in other revenues, particularly MVAS revenue.

*Portal Advertising*

Substantially all of our portal advertising revenues are generated from China. Automobile, fast-moving consumer goods, Internet services, financial services, IT and telecommunication were our top advertising sectors in 2014 and 2015, accounting for approximately 77% and 55%, respectively, of our portal advertising revenues in China. Unlike search and other performance-based advertising models, brand advertising on SINA.com and SINA mobile properties is priced primarily based on time, similar to those of traditional media companies. Based on our experience, online brand advertising clients in China tend to place more emphasis of their buying decision on factors such as the brand strength, market influence and user quality of the offering website. We maintain a variety of traffic metrics for our Internet properties, and the key metrics we focus on differ across product lines based on the nature and features of the products. For these and other reasons, such as a significant portion of our online traffic is currently not being monetized, we do not gauge the growth of our portal advertising revenues based on any particular traffic metric.

*2015 Compared to 2014.* Our portal advertising revenues decreased 9% year over year from \$375.5 million in 2014 to \$340.8 million in 2015. The decrease was mainly due to the unfavorable foreign exchange impact and an increasingly competitive online advertising market landscape which led to a shift of advertising budget by brand advertisers, which has been the largest customer segment in terms of revenue contribution for portal advertising business, from portal to APPs. On the other hand, however, we witnessed significant increase of revenues from SME customers, growing 106% from \$35.0 million in 2014 to \$72.1 million in 2015 and contributing 21% of total portal advertising revenue in 2015 as compared to 9% in 2014. We now have a nationwide SME distributor network to meet the marketing needs of SME customers and we expect revenue from SME customers continue to grow stably in 2016.

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*2014 Compared to 2013.* Our portal advertising revenues decreased 1% year over year from \$378.1 million in 2013 to \$375.5 million in 2014.

*Weibo*

	For the Year Ended December 31,						% of Change	
	2013		2014		2015		YOY	YOY
	\$	%	\$	%	\$	%	2014	2015
Advertising and Marketing	148,426	22	264,782	34	402,415	46	78	52
Weibo VAS	39,887	6	69,390	9	75,476	8	74	9
	188,313	28	334,172	43	477,891	54	77	43

*2015 Compared to 2014.* Revenues from Weibo increased 43% year over year from \$334.2 million in 2014 to \$477.9 million in 2015.

- Advertising and marketing revenues from Weibo grew by 52% from \$264.8 million in 2014 to \$402.4 million in 2015. The increase was mainly driven by higher social display advertising revenue, including \$143.7 million revenue generated from our strategic alliance with Alibaba, a related party, in 2015. Our strategic collaboration with Alibaba ended in January 2016 and, though we expect Alibaba to continue to be a significant customer, revenues from Alibaba in 2016 is expected to be significantly less than in 2015. Revenues from key accounts, who are usually large brand advertisers, grew by 8% from \$95.7 million in 2014 to \$103.5 million in 2015. The growth in key account revenues was mostly attributed to Weibo + TV and Big Day ad campaigns, as well as the increase in user growth and user engagement. Revenues generated from Alibaba were \$143.7 million, representing an increase of 34% from 2014, and accounted for 30% of our total revenues in 2015. Revenues from SMEs grew by 153% from \$61.5 million in 2014 to \$155.2 million in 2015. The growth in SME revenues was mainly attributed to the growth in the number of SMEs as well as the launch of self-service ads since the fourth quarter of 2014. The growth of advertising and marketing revenues was also attributed to the shift of demand from PC ads to mobile ads, as a result of the increase of mobile users.

- Revenues from Weibo VAS increased by 9% from \$69.4 million in 2014 to \$75.5 million in 2015. The increase was mainly attributable to increasing revenues generated from game-related services and VIP Membership service, partially offset by a 60% year-over-year decline in revenue from data licensing, a deemphasized business in 2015. Our revenues generated from game-related service increased from \$33.3 million in 2014 to \$44.3 million in 2015 primarily due to an increase in average monthly revenue per paying account. Our revenues from VIP membership increase from \$13.0 million in 2014 to \$17.6 million in 2015.

*2014 Compared to 2013.* Revenues from Weibo increased 77% year over year from \$188.3 million in 2013 to \$334.2 million in 2014.

- Advertising and marketing revenues from Weibo grew by 78% from \$148.4 million in 2013 to \$264.8 million in 2014. The increase was mainly driven by higher social display advertising revenue, including \$107.6 million revenue generated from our strategic alliance with Alibaba, a related party, in 2014. Excluding revenues from Alibaba, the increase in advertising and marketing revenues was due to an increase in revenues from large brand advertisers from \$81.6 million in 2013 to \$95.7 million in 2014 as well as the growth of revenues from SME customers from \$17.7 million in 2013 to \$61.5 million in 2014. The growth in large brand advertisers was mostly attributed to the introduction of new ad products, such as Weibo + TV and event-driven advertising offerings, the release of promoted feeds to key accounts in the second quarter of 2014, and the increase in user growth and engagement.

- Revenues from Weibo VAS increased by 74% from \$39.9 million in 2013 to \$69.4 million in 2014. The increase was mainly attributable to an increase in data licensing, which was launched in late 2013, and revenues generated from game-related services. Our revenues generated from data licensing business increased from \$5.9 million in 2013 to \$22.7 million in 2014. Our revenues from game-related services increased from \$22.9 million in 2013 to \$33.3 million in 2014 primarily due to an increase in average monthly revenue per paying account. Our revenues from VIP membership increase from \$11.1 million in 2013 to \$13.0 million in 2014 primarily due to an increase in VIP members.

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	For the Year Ended December 31,						% of Change	
	2013		2014		2015		YOY	YOY
							2014	2015
	\$	%	\$	%	\$	%	%	%
MVAS	60,287	9	27,736	4	24,580	3	(54)	(11)
Others	38,438	6	30,829	4	37,384	4	(20)	21
	98,725	15	58,565	8	61,964	7	(41)	6

Our other revenues include revenues from MVAS and other services, which include amortized deferred revenues and revenues from fee-based services, such as game-related services, e-reading and paid email services.

As the market in China continues to shift to 3G, 4G and Wi-Fi enabled smartphones, our MVAS revenues, consisting of 2G and 2.5G products, have been declining in recent years. In response to the changing market condition, we are deemphasizing the low-margin MVAS product lines and investing most of our mobile efforts in product lines more suitable for the new environment, such as Weibo VAS, and we do not expect a recovery in our MVAS revenues.

In conjunction with the sale of our online real estate business to CRIC in October 2009, we signed certain license agreements with CRIC. The fair value of these license agreements were measured at \$187.4 million, which was recognized as deferred revenue and amortized on a straight-line basis over the contract period of ten years. CRIC merged with E-House in April 2012 and the agreement rights were subsequently reassigned to E-House's subsidiary, Leju, which was spun off in April 2014. In March 2014, these license agreements were amended and extended for another ten years. Consequently, the unamortized defer revenue balance as of March 31, 2014 will be amortized on a straight-line basis until 2024.

*2015 Compared to 2014.* Our other revenues increased 6% year over year from \$58.6 million in 2014 to \$62.0 million in 2015, mainly due to an increase in revenue from other services partially offset by a decline in revenue from MVAS. Excluding MVAS revenues, our other revenues increased by 21% from \$30.8 million in 2014 to \$37.4 million in 2015, mainly resulting from our expansion in certain vertical businesses, such as automobile and finance. MVAS revenues declined by 11% from \$27.7 million in 2014 to \$24.6 million in 2015, mainly due to the decline in market demand. The decline was also due to anti-internet pornography measures taken jointly by the Anti-Pornography Working Group Office of China, the State Internet Information Office, Ministry of Industry and Information Technology and the Ministry of Public Security in 2014 and the corresponding measures carried out by major operators, such as China Mobile and China Unicom, to clean up mobile content. We had amortized deferred revenues of \$10.4 million in 2015 as compared to \$12.0 million in 2014. As of December 31, 2015, our license agreements with Leju had an unamortized balance of \$85.4 million.

*2014 Compared to 2013.* Our other revenues decreased 41% year over year from \$98.7 million in 2013 to \$58.6 million in 2014, mainly due to the decrease in revenues from both MVAS and other services. MVAS revenues declined by 54%

from \$60.3 million in 2013 to \$27.7 million in 2014, mainly due to the decline in market demand. We had amortized deferred revenues of \$12.0 million in 2014 as compared to \$18.7 million in 2013. As of December 31, 2014, our license agreements with Leju had an unamortized balance of \$95.8 million.

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	For the Year Ended December 31,					
	2013	2014	2015	% of Change		
				YOY 2014	YOY 2015	
	(In thousands, except percentages)					
	\$	\$	\$	%	%	
Portal Advertising	161,385	172,078	157,862	7	(8)	
Weibo	59,891	83,599	141,960	40	70	
Others	49,788	34,664	35,558	(30)	3	
	271,064	290,341	335,380	7	16	

Our cost of revenues increased 16% year over year from \$290.3 million in 2014 to \$335.4 million in 2015, mainly due to an increase in cost of Weibo revenues and cost of other revenues, which is partially offset by a decrease in the cost of portal advertising revenues. Our cost of revenues increased 7% year over year from \$271.1 million in 2013 to \$290.3 million in 2014, mainly due to an increase in cost of portal advertising revenues and Weibo revenues, which is partially offset by a decrease in the cost of other revenues.

*Portal Advertising*

Cost of portal advertising revenues consists primarily of expenses associated with the production of our websites, including fees paid to third parties for Internet connection, content and services, labor-related costs, stock-based compensation and equipment depreciation expenses. Cost of advertising revenues also includes 6.7% VAT and relevant surcharges and 3% cultural business construction fees on advertising revenues from China.

*2015 Compared to 2014.* Cost of portal advertising revenues decreased by 8% from \$172.1 million in 2014 to \$157.9 million in 2015 due to the decrease in direct labor cost of \$10.1 million, content fees of \$6.4 million and bandwidth costs of \$2.4 million, partially offset by the increase in revenue shared with service vendors of \$6.9 million. The decrease in direct labor cost was a result of the reduction in headcount. The content fees that we had in 2014 included cost incurred for specific sport events, including the 2014 FIFA World Cup.

*2014 Compared to 2013.* Cost of portal advertising revenues increased by 7% from \$161.4 million in 2013 to \$172.1 million in 2014 due to the increase in direct labor cost of \$10.4 million and content fees of \$7.8 million, partially offset by the decrease in bandwidth costs of \$8.8 million. Direct labor cost increased due to an increase in headcount and a general increase in salary. Content fees increased primarily due to licensing new content, including content related to the 2014 World Cup. Bandwidth costs decreased primarily due to lower unit price applied when purchasing bandwidth.

*Weibo*

Cost of Weibo revenues consists primarily of costs associated with the maintenance of our Weibo platform, which mainly include bandwidth and other infrastructure costs, labor costs and turnover tax levied on our Weibo revenues.

*2015 Compared to 2014.* Cost of Weibo revenues increased by 70% from \$83.6 million in 2014 to \$142.0 million in 2015, primarily due to an increase of \$20.4 million in cost associated with revenue sharing resulting from higher revenues, an increase of \$16.9 million in infrastructure costs resulting from traffic growth, an increase of \$12.0 million in VAT cost resulting from higher revenues, and an increase of \$7.4 million in labor cost.

*2014 Compared to 2013.* Cost of Weibo revenues increased by 40% from \$59.9 million in 2013 to \$83.6 million in 2014, primarily due to an increase of \$13.0 million in VAT cost, an increase of \$5.6 million in infrastructure costs arising from traffic increase, an increase of \$4.3 million in revenue sharing related costs as a result of the higher revenues and an increase of \$3.2 million in labor cost, partially offset by a decrease of \$3.5 million in stock-based compensation. The increase of VAT cost, infrastructure costs and revenue sharing related costs were in line with our revenue growth, the decrease in stock-based compensation was due to the fact that more stock-based compensation was recorded for 2013 as we had ordinary shares and vested options repurchased in conjunction with Alibaba's investment in Weibo in April 2013.

*Others*

Cost of other revenues mainly consists of the fees paid to mobile operators for the billing, transmission and collection of MVAS revenues, fees or royalties paid to MVAS content and service providers, the costs for providing fee-based services and taxes and surcharges levied (business taxes on our MVAS revenues, which switch to VAT and surcharges in June 2014 after the implement of Pilot Program, and VAT and surcharges on other revenues).

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*2015 Compared to 2014.* Cost of other revenues increase of 3% from \$34.7 million in 2014 to \$35.6 million in 2015, corresponding to 6% increase in other revenue.

*2014 Compared to 2013.* Cost of other revenues decreased 30% from \$49.8 million in 2013 to \$34.7 million in 2014, mainly due to decrease of revenue related costs, such as fees paid to mobile operators and turnover taxes and surcharges.

**Gross margin**

	For the Year Ended December 31,		
	2013 %	2014 %	2015 %
Gross margin:			
Portal Advertising	57	54	54
Weibo	68	75	70
Others	50	41	43
Overall	59	62	62

Overall gross margin increased by 3 percentage points in 2014 and kept stable in 2015.

*Portal Advertising*

Portal advertising gross margin decreased 3 percentage points year over year in 2014. The year-over-year margin decrease in 2014 was primarily due to higher production-related labor cost and increased content spending in 2014, mainly related to the 2014 World Cup. The year-over-year gross margin of portal advertising in 2015 remained stable, which was mainly due to the decreased content spending in align with the decreased revenue in 2015 as mentioned.

*Weibo*

Weibo gross margin decrease by 5 percentage points year over year in 2015, mainly due to the decrease in higher margin business, such as data licensing services. Weibo gross margin increased by 7 percentage points year over year in 2014, mainly due to the increase in higher margin business, such as data licensing services.

*Others*

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Gross margin for other revenues decreased by 9 percentage points year over year in 2014 and remained stable in 2015. The decrease in other gross margin in 2014 was mainly due to the revenue contributed by certain of our MVAS produces with relatively higher margin has declined.

*Operating expenses*

	For the Year Ended December 31,						% of Change	
	2013		2014		2015		YOY	YOY
	\$	%	\$	%	\$	%	2014	2015
	(In thousands, except percentages)							
Sales and marketing	160,411	24	228,927	30	230,428	26	43	1
Product development	146,332	22	192,322	25	209,771	24	31	9
General and administrative	64,727	10	83,039	11	92,868	11	28	12
Goodwill impairment			14,526	2				(100)
Total	371,470	56	518,814	68	533,067	61	40	3

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Operating expenses increased 3% year over year from \$518.8 million in 2014 to \$533.1 million in 2015, primarily due to the increase in employee-related expenses associated with new hires and stock-based compensation, offset by the decrease in marketing expenditure and goodwill impairment charge. Operating expenses increased 40% year over year from \$371.5 million in 2013 to \$518.8 million in 2014, mainly due to increases in marketing expenditure and employee-related expenses associated with new hires and salary increases, and a goodwill impairment charge of \$14.5 million.

*Sales and marketing.*

Sales and marketing expenses consist of payroll, commissions and other employee-related expenses, advertising and promotional expenditures and business travel expenses. Sales and marketing expenses as a percentage of net revenues were 24%, 30% and 26% in 2013, 2014 and 2015, respectively. We expect our sales and marketing expenses to continue to increase in absolute dollars terms in the near future.

*2015 Compared to 2014.* Sales and marketing expenses increased by 1% from \$228.9 million in 2014 to \$230.4 million in 2015, primarily due to an increase of \$5.7 million in stock-based compensation, \$3.6 million in employee-related expenses associated with new hires and salary increases, offset by a decrease of \$7.4 million in advertising and marketing expenses due to the savings on special event promotion, such as 2014 World Cup.

*2014 Compared to 2013.* Sales and marketing expenses increased by 43% from \$160.4 million in 2013 to \$228.9 million in 2014, primarily due to an increase of \$46.9 million in advertising and promotional expenses in connection with, among other things, the special promoting events related to the 2014 World Cup, an increase of \$26.1 million in employee-related expenses associated with new hires and salary increases, and an increase of \$3.3 million in rental expenses resulting from business expansion, partially offset by a decrease of \$3.6 million in stock-based compensation.

*Product development.*

Product development expenses consist primarily of payroll and infrastructure-related expenses incurred for maintaining and enhancing our websites and platforms, as well as costs associated with new product development and product enhancements. Product development expenses as a percentage of net revenues were 22%, 25% and 24% in 2013, 2014 and 2015, respectively. We expect our product development expenses to continue to increase in absolute dollar terms in the near future.

*2015 Compared to 2014.* Product development expenses increased by 9% from \$192.3 million in 2014 to \$209.8 million in 2015, primarily due to an increase of \$12.8 million in employee-related expenses resulting from new hires and salary increases and an increase of \$7.0 million in stock-based compensation, offset by the decrease of \$3.5 million in depreciation expenses as certain fixed assets have been fully depreciated in 2015.

*2014 Compared to 2013.* Product development expenses increased by 31% from \$146.3 million in 2013 to \$192.3 million in 2014, primarily due to an increase of \$32.2 million in employee-related expenses resulting from new hires and salary increases, an increase of \$12.3 million in infrastructure-related expenses resulting from traffic growth, an increase of \$3.2 million in rental expenses due to business expansion, partially offset by a decrease of \$4.2 million in stock-based compensation. The year-over-year increase in product development expense was mostly related to our continuous efforts in expanding our product portfolios.

*General and administrative.*

General and administrative expenses consist primarily of payroll-related costs, stock-based compensation, professional service fees and provisions for doubtful accounts. General and administrative expenses as a percentage of net revenues were 10%, 11% and 11% in 2013, 2014 and 2015, respectively. We expect our general and administrative expenses to continue to increase in absolute dollar terms in the near future.

*2015 Compared to 2014.* General and administrative expenses increased by 12% from \$83.0 million in 2014 to \$92.9 million in 2015, mainly due to an increase of \$8.9 million in stock-based compensation and an increase of \$3.3 million in employee-related expenses resulting from new hires and salary increases, offset by a decrease of \$6.6 million in provision for doubtful accounts.

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*2014 Compared to 2013.* General and administrative expenses increased by 28% from \$64.7 million in 2013 to \$83.0 million in 2014, mainly due to an increase of \$11.8 million in provision for doubtful accounts mainly attributable to an \$5.0 million specific provision provided on doubtful accounts for certain customers, and an increase of \$7.4 million in employee-related expenses resulting from new hires and salary increases, partially offset by a decrease of \$3.9 million in stock-based compensation.

*Goodwill impairment.* We recognized a goodwill impairment charge of \$14.5 million in 2014 while no goodwill impairment charge was recorded in 2013 and 2015. The goodwill impairment charge recognized in 2014 was triggered by the revocation of two of our licenses. In the second quarter of 2014, 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 for violations related to the distribution of certain literary and video content on our reading channel, book.sina.com.cn, and our website www.sina.com.cn. We performed an assessment of goodwill generated through the acquisition of Weiyue, an entity we acquired in the first quarter 2014 and specializes in online reading business, with assistance from an independent appraiser and recognized an impairment charge of \$14.5 million.

*Interest and other income, net*

	2013	For the Year Ended December 31, 2014 (in \$ thousands)	2015
Interest income, net	17,283	30,330	27,212
Other income (expenses), net	1,509	(1,405)	(4,820)
	18,792	28,925	22,392

*Interest Income.* Net interest income decreased by 10% to \$27.2 million in 2015 from \$30.3 million in 2014, primarily due to a decrease in interest income from bank time deposits and other short term investments associated with the decrease in the average cash balance in 2015. Interest income increased by 75% to \$30.3 million in 2014 from \$17.3 million in 2013, attributable to an increase of \$26.6 million in interest income from bank time deposits and other short term investments associated with the increase in cash balance in 2014, which was partially offset by an increase of \$13.5 million in interest expenses and relevant amortization costs associated with \$800 million convertible bonds we issued in November 2013.

*Other income (expenses).* Other income (expenses) consists primarily of net currency transaction gain or loss and gain in disposal of property and equipment and government grants. We recorded a net currency transaction gain of \$1.5 million in 2013, and a net foreign currency transaction loss of \$2.4 million and \$4.7 million in 2014 and 2015, respectively. Net currency transaction gains were mainly a result of the appreciation of the RMB against the U.S. dollar. Conversely, depreciation of the RMB against the U.S. dollar will cause us to incur currency exchange loss. If the RMB continues to depreciate against the U.S. dollar, we may incur further currency related losses.

*Change in fair value of investor option liability*

We recorded nil change in fair value of investor option liability in 2015, as Alibaba fully exercised its investor option in 2014 concurrently with the completion of Weibo's IPO.

In 2014, we recorded \$47.0 million non-cash loss from the change in fair value of investor option liability in 2014 because of the increase of fair value in Weibo's ordinary shares, attributable to factors including Weibo's partnership with Alipay to offer a payment solution to their users and the fully exercise of Ali WB's options.

In 2013, we recorded \$21.1 million non-cash gain from the change in fair value of investor option liability, primarily due to a decrease in the expected life of the investor option liability.

*Income (loss) from equity method investments*

We use the equity method to account for ordinary-share-equivalent equity investments and limited-partnership investments in entities over which we have significant influence but do not own a majority equity interest or otherwise control, and recorded share of results of these investments one quarter in arrears.

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In 2013, 2014 and 2015, we recorded an income of \$2.3 million, \$10.1 million and \$1.9 million, respectively, from our investment in E-House. The increase of income from equity method investment in E-House in 2014 was due to the continued high growth of its online services and expansion of its businesses. The decrease of income from equity method in E-house in 2015 was mainly due to the higher marketing and promotion expenses incurred by E-House in 2015. We also recorded an income of \$7.3 million, \$9.3 million and loss of \$1.7 million in 2013, 2014 and 2015, respectively, from our other long-term investments accounted for under the equity method.

**Realized gain (loss) on long-term investments**

The following table summarizes realized gain (loss) on our long-term investments:

	2013	For the Year Ended December 31, 2014 (in \$ thousands, except percentages)	2015
Alibaba (1)		109,216	
Tian Ge (2)		49,158	
E-House(3)	(10,205)	48,298	
Youku Tudou(4)			18,885
Others	2,818	21,152	905
	(7,387)	227,824	19,790
% of total net revenues	(1)%	30%	2%

(1) We invested \$50.0 million in Alibaba through Yunfeng Funds in October 2011. In September 2014, Alibaba completed its initial public offering ( Alibaba IPO ) and listed its ADSs, each representing one ordinary share, on the New York Stock Exchange. We sold part of shares we held in Alibaba, representing a total cost of \$30.0 million, through Alibaba IPO and recognized a one-time disposal gain of \$109.2 million. As of December 31, 2015, the fair value of Alibaba shares held by us was \$112.0 million, with the total cost of \$19.0 million and unrealized gain of \$93.0 million.

(2) Tian Ge, an equity method investee of us, completed its initial public offering of 349.9 million ordinary shares and became listed on the Main Board of the Stock Exchange of Hong Kong Limited on July 9, 2014 ( Tian Ge IPO ). After Tian Ge IPO, our equity interest in Tian Ge was diluted from 36% to 25%. In permitting the dilution of equity interest from 36% to 25%, we in substance disposed part of our interest in Tian Ge. As Tian Ge s IPO price was higher than our average carrying value per share, we recorded a gain of \$49.2 million to reflect the partial disposal.

(3) In March 2014, Leju, a wholly owned subsidiary of E-house, entered into a share purchase and subscription agreement with E-House and Tencent, pursuant to which Tencent acquired 15% of Leju s total outstanding ordinary shares on a fully diluted basis, from E-House and E-house s ownership in Leju decreased accordingly from 100% to 85% on a fully diluted basis.

Leju primarily carries real estate e-commerce related business in PRC. In April 2014, Leju completed its initial public offering of 11.5 million ADSs, each representing one ordinary share, and became listed on the New York Stock Exchange. Concurrently with Leju's initial public offering, Leju issued 2.0 million ordinary shares to Tencent in a private placement. Upon the completion of such transaction, E-House's interest in Leju was further diluted. After these transactions, although our total shares held in E-house did not change, we recognized a dilution gain of \$48.3 million as a result of the increase of our proportion of net assets in E-house. In 2013, we recognized a loss of \$10.2 million in the investment in E-House, which was related to the issuance of incremental shares by E-House to its management in March 2013. The issuance price per share was less than our average carrying value per share and diluted the value of our investment.

(4) In 2015, we recognized a gain of \$18.9 million resulting from sale of partial investment we held in Youku Tudou.

#### *Investment related impairment*

In 2013, 2014 and 2015, we recorded \$6.1 million, \$19.6 million and \$8.5 million, respectively, in impairment charges to the carrying value of our investments related accounts due to other than temporary impairments as a result of the lower-than-expected performance.

#### *Income tax expense*

	2013	For the Year Ended December 31, 2014	2015
	(in \$ thousands, except percentages)		
Current income tax provision	12,820	8,198	13,948
Deferred income tax provision (benefits)	1,782	(1,228)	(3,528)
Total	14,602	6,970	10,420
Income from China operations	76,862	295	71,497
Effective tax rate for China operations	19%	2,362%	15%

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Based on our current operating structure and preferential tax treatments available to us in China, the effective income tax rate for our China operations in 2015 was 15%, compared to 2,362% in 2014 and 19% in 2013. The decrease in effective tax rate for China operations in 2015 as compared to 2014 was mainly resulted from a relatively higher income before tax from China operation in 2015 and the effect of tax holiday of software enterprise enjoyed by Weibo Technology starting from 2015. The increase in effective tax rate for China operations in 2014 as compared to 2013 was due to effect of tax holidays, preferential tax rate, increase in permanent differences and relatively low income from China operations, our effective tax rate hiked to 2,362% in 2014.

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, 2015, four of our subsidiaries and VIEs 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 enterprise. The relevant qualification criteria, application procedures and assessment processes for software enterprise was updated on April 2013. An entity qualified as software enterprise may enjoy an income tax exemption for two years beginning with its first profitable year and a 50% tax reduction to a rate of 12.5% for the subsequent three years. As of December 31, 2015, five of our subsidiaries were qualified as software enterprise and two subsidiaries enjoyed the tax holiday of software enterprises.

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 it is likely that our operation 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 as 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 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 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%. In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and are subject to the withholding taxes. Based on the subsequently issued interpretation of the EIT Law, Article 4 of Cai Shui (2008) Circular No. 1, dividends on earnings prior to 2008 but distributed after 2008 are not subject to withholding income tax. The current policy approved by our Board 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. As of December 31, 2015, we did not record any withholding tax on the retained earnings of our FIEs in the PRC as we intend to reinvest all earnings in China since 2008 to further expand our business in China, and our FIEs do not intend to declare dividends on the retained earnings made since 2008 to their immediate foreign holding companies.

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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, 2014 and 2015, there was approximately \$0.8 million and \$0.6 million unrecognized tax liability, respectively, 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 2011 through 2015 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 December 2009, the State Administration of Tax in China issued a circular on strengthening the management of proceeds from equity transfers by non-China tax resident enterprises and requires foreign entities to report indirect sales of China tax resident enterprises. If the existence of the overseas intermediary holding company is disregarded due to lack of reasonable business purpose or substance, gains on such sale are subject to PRC withholding tax. In February 2015, SAT 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 the other transactions performed 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 impact our financial position, 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.

*Net income*

As a result of the foregoing, our net income in 2013, 2014 and 2015 was \$43.8 million, \$161.8 million and \$35.7 million, respectively.

Table of Contents*Net income attributable to SINA*

Our net income attributable to SINA for 2013, 2014 and 2015 was \$45.1 million, \$176.8 million and 25.7 million, respectively.

**B. *Liquidity and Capital Resources***

	2013	As of December 31, 2014 (in \$ thousands)	2015
Cash, cash equivalents and short-term investments	1,868,239	2,166,538	2,209,853
Working capital (1)	1,787,837	2,140,134	1,336,098
Convertible debt (2)	800,000	800,000	
Total SINA shareholders' equity	1,191,210	2,145,772	2,565,272

(1) In 2015, we early adopted the guidance of ASU 2015-17 issued by FASB in November 2015, which allows us to retrospectively present deferred tax assets and deferred tax liabilities as non-current in our consolidated balance sheets for all periods presented. The impact arising from adopting the guidance was immaterial for each period presented.

(2) As of December 31, 2015, the convertible notes have been reclassified into current liabilities since the holders may require us to repurchase their notes on December 1, 2016. We included the current portion of convertible notes amounting to \$800 million in the amount of working capital as shown.

As of December 31, 2013, 2014 and 2015, our accumulated earnings were \$346.1 million, \$523.0 million and \$548.6 million, respectively. Our total cash, cash equivalents and short-term investments as of December 31, 2013, 2014 and 2015 were \$1,868.2 million, \$2,166.5 million and \$2,209.9 million, respectively. We have funded our operations and capital expenditures primarily using cash generated from operations, proceeds received from Weibo's initial public offering and the concurrent private placement in April 2014, proceeds received from the issuance of convertible notes in November 2013 and the proceeds received from the private placement in November 2015. The increase in cash, cash equivalents and short-term investments as of December 31, 2015 as compared to the amount as of December 31, 2014 was primarily due to the \$456.4 million net proceeds from the issuance and sale of 11,000,000 shares in November 2015 to New Wave and \$328.1 million cash generated from our operating activities, partially offset by the cash we used in repurchasing our ordinary shares and investing in entities which have synergy with our business. We intend to continue our investment in the development and enhancement of our products, content and services, as well as investment in sales and marketing. If we are unable to generate sufficient cash from our operations in the future, we may have to finance our operations from the current funds available or seek equity or debt financing.

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 their 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. Such dividend payments are subject to various restrictions under the PRC laws and regulations. See Item 3. Key Information D. Risk Factors Risks Related to

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

We believe that our existing cash, cash equivalents and short-term investments balance is sufficient to fund our operating activities, capital expenditures and other obligations for at least the next twelve months. However, we may decide to improve our liquidity position or increase our cash reserve for future acquisitions via additional capital and/or finance funding. We may also need to raise additional funds to repurchase our convertible notes if required by our note holders. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would generate increased fixed obligations and could have operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Because a significant amount of our future revenues may be in the form of RMB, our inability to obtain the requisite approvals for converting RMB into foreign currencies or remitting foreign currency out of China, any delays in receiving such approvals or any future restrictions on currency exchanges could limit our ability to utilize revenue generated in RMB to fund our business activities outside China, or to repay non-RMB-denominated obligations, including our debt obligations, which could have a material adverse effect on our financial condition, results of operations and liquidity. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China Restrictions on paying dividends or making other payments to us bind our subsidiaries and VIEs in China.

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The following tables set forth the movements of our cash and cash equivalents for the periods presented.

	2013	For the Year Ended December 31, 2014 (in \$ thousands)	2015
Net cash provided by operating activities	73,713	101,025	328,138
Net cash used in investing activities	(599,399)	(191,560)	(1,166,548)
Net cash provided by financing activities	1,237,099	404,624	396,352
Effect of exchange rate changes on cash and cash equivalents	5,037	(6,683)	(18,185)
Net increase (decrease) in cash and cash equivalents	716,450	307,406	(460,243)
Cash and cash equivalents at the beginning of year	199,826	916,276	1,223,682
Cash and cash equivalents at the end of year	916,276	1,223,682	763,439

*Operating activities*

Net cash provided by operating activities in 2015 was \$328.1 million. This was attributable to our net income of \$35.7 million, adjusted by non-cash expenses including stock-based compensation of \$56.1 million, depreciation of \$33.2 million, allowance for doubtful accounts of \$14.9 million, investment related impairment of \$8.5 million, partially offset by the realized gain on our investment of \$19.8 million. The net increase in cash from working capital items was \$192.8 million, mainly due to the increase in accrued liabilities, amount due to customers and deferred revenue. The increase in accrued liabilities resulted from the increase in payroll payable and content fees. The increase in amount due to customers was in line with the continuous expansion of our SINA Pay online payment platform.

Net cash provided by operating activities in 2014 was \$101.0 million. This was attributable to our net income of \$161.8 million, adjusted by non-cash expenses including depreciation of \$41.9 million, stock-based compensation of \$32.5 million, allowance for doubtful accounts of \$21.6 million, non-cash loss in change in fair value of investor option liability of \$47.0 million, investment related impairment of \$19.6 million and impairment on goodwill of \$14.5 million, partially offset by the realized gain on our investment of \$226.5 million and net income from equity investment of \$19.5 million. The net decrease in cash from working capital items was \$4.5 million, mainly due to the increase in accounts receivable, partially offset by the increase in accrued liabilities and amount due to customers. The increase in accounts receivable was in line with revenue growth. The increase in accrued liabilities mainly resulted from the increase in payroll payable, content fees, and sales rebate. The increase in amount due to customers was consistent with the improvement in business scale of our SINA Pay online payment platform.

Net cash provided by operating activities in 2013 was \$73.7 million. This was attributable to our net income of \$43.8 million, adjusted by non-cash expenses including depreciation of \$34.4 million, stock-based compensation of \$20.0 million, allowance for doubtful accounts of \$10.4 million, realized loss on our investment of \$7.4 million and investment impairment of \$6.1 million, partially offset by the change in fair value of investor option liability of \$21.1 million, a net decrease in cash from working capital items of \$21.0 million and net income from equity method investments, of \$9.5 million. The net decrease in cash from working capital items was mainly due to the increase in accounts receivable and decrease in deferred revenues, partially offset by the increase in accrued liabilities. The increase in accounts receivable resulted from an increase in advertising sales, while the decrease in deferred revenue reflected related amortization. The increase in accrued liabilities mainly resulted from the increase in payroll payable and content fees, sales rebate and marketing expenses.

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***Investing activities***

Net cash used in investing activities in 2015 was \$1,166.5 million. This was a result of the purchase of short-term investments of \$1,933.9 million, cash paid for long-term investments (including prepayment) of \$687.2 million, transfer of cash amounting to \$140.7 million deposited by our customers through our SINA Pay online payment platform to restricted cash pursuant to relevant PBOC regulations, property and equipment purchases of \$45.5 million and a payment of \$21.0 million on a third-party loan, partially offset by the maturities of short-term investments of \$1,434.5 million and the net proceeds of \$227.0 million received from the disposal/refund of long-term investments.

Net cash used in investing activities in 2014 was \$191.6 million. This was a result of the purchase of short-term investments of \$1,555.2 million, cash paid for investments (including prepayment) of \$228.2 million, property and equipment purchases of \$102.9 million and cash paid for business combination of \$12.7 million, which net of cash acquired, partially offset by the maturities of short-term investments of \$1,568.2 million and net proceeds of \$139.2 million from disposal of Alibaba's shares.

Net cash used in investing activities in 2013 was \$599.4 million. This was a result of the purchase of short-term investments of \$1,661.3 million, property and equipment purchases of \$97.7 million, and cash paid for investments (including prepayment) of \$63.1 million, partially offset by the maturities of short-term investments of \$1,226.0 million.

***Financing activities***

Net cash provided by financing activities in 2015 was \$396.4 million, which mainly consisted of the net proceeds of \$456.4 million from the issuance and sale of 11,000,000 shares to New Wave and the proceeds of \$21.0 million received from a third party through long-term loan, partially offset by repurchase of ordinary shares of \$61.7 million.

Net cash provided by financing activities in 2014 was \$404.6 million. This primarily consisted of net proceeds of \$306.5 million from the initial public offering of Weibo, \$346.7 million cash received from Alibaba for acquired additional Class A ordinary shares, \$10.4 million cash from share option exercise, offset by repurchase of ordinary shares of \$249.0 million, payment of \$6.9 million for purchase of non-controlling interests in a subsidiary and offering expenses of \$5.2 million.

Net cash provided by financing activities in 2013 was \$1,237.1 million. This primarily consisted of proceeds of \$783.2 million from the issuance of convertible senior note net of issuance cost and the proceeds of \$588.4 million mainly received from Alibaba for the sale of non-controlling interests in Weibo, partially offset by repurchase of ordinary shares of \$100.0 million and purchase of non-controlling interests in subsidiary of \$45.9 million.

**C. *Research and Development, Patents and Licenses, etc.***

Our success has benefited from our continuous efforts on intellectual property protection, including patent, trademark, copyright and trade secrets. See Item 4. Information on the Company B. Business Overview Intellectual Property and Proprietary Rights for a description of the protection of our intellectual property.

**D. *Trend Information***

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2015 to December 31, 2015 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that caused the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

**E. *Off-Balance Sheet Arrangements***

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Table of Contents**F. Tabular Disclosure of Contractual Obligations**

The following table sets forth our contractual obligations as of December 31, 2015:

Contractual Obligations	Total	Payments Due by Period			
		Less Than One Year	One to Three Years (in \$ thousands)	Three to Five Years	More Than Five Years
Operating leases obligation(1)	23,236	17,907	4,471	729	129
Purchase commitments(2)	250,864	225,817	24,680	367	
Long term loan(3)	21,770		21,770		
Other commitments(4)	808,000	808,000			
Total contractual obligations	1,103,870	1,051,724	50,921	1,096	129

(1) Operating lease obligations include the commitments under the lease agreements for our office premises. We lease office facilities under non-cancelable operating leases with various expiration dates through 2021. Rental expenses for 2013, 2014 and 2015 were \$21.2 million, \$27.3 million and \$28.3 million, respectively. The majority of the commitments are from our office lease agreements in China.

(2) Purchase commitments mainly include minimum commitments for construction cost of new office building, internet connection, content and services related to website operation, MVAS costs and marketing activities. In May 2013, we entered into an agreement for the construction of a new office building in Zhongguancun Software Park, Haidian District, Beijing. The gross floor area for the new office building as planned is approximately 132,000 square meters and the aggregate construction cost is expected to be in the range between \$240 million and \$260 million. As of December 31, 2015, \$178.3 million have been paid and the remaining amount is expected to be paid in 2016.

(3) Long term loan represents future commitment related to principal and interests in connection with a \$21.0 million loan with 3.00% annual interest rate from a third party due in October 2017.

(4) Other commitments represent future maximum commitment related to principal and interests in connection with our issuance of \$800 million in aggregate principle amount of 1.00% coupon interest convertible senior notes, assuming all debt underlying the convertible senior notes will be repurchased by us on December 1, 2016.

There are no claims, lawsuits, investigations and proceedings, including un-asserted claims that are probable to be assessed, that have in the recent past had, or to our knowledge, are likely to have, a material impact on our financial position, results of operations or cash flow.

**G. *Safe Harbor***

This annual report on Form 20-F contains forward-looking statements that relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. The forward-looking statements are contained principally in the sections entitled Item 3. Key Information D. Risk Factors, Item 4. Information on the Company and Item 5. Operating and Financial Review and Prospects. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as may, will, expect, anticipate, future, intend, plan, believe, estimate, is/are likely to or other and similar expressions. Forward-looking statements involve inherent risks and uncertainties. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this annual report on Form 20-F relate only to events or information as of the date on which the statements are made in this annual report on Form 20-F. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report on Form 20-F completely and with the understanding that our actual future results may be materially different from what we expect.

Table of Contents**Item 6. Directors, Senior Management and Employees****A. Directors and Senior Management**

The following table provides information with respect to our directors and executive officers as of March 31, 2016:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Charles Chao	50	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Bonnie Yi Zhang	42	Chief Financial Officer (Principal Financial and Accounting Officer)
Hong Du	44	President and Chief Operating Officer
Arthur Jianglei Wei	45	Senior Vice President
Bin Zheng	50	Vice President
Ter Fung Tsao	70	Independent Director
Yan Wang	43	Independent Director
Song-Yi Zhang	60	Independent Director
Yichen Zhang	52	Independent Director

*Charles Chao* has served as our Chairman of the Board of Directors since August 2012 and our Chief Executive Officer since May 2006. He served as our President from September 2005 to February 2013, Chief Financial Officer from February 2001 to May 2006, Co-Chief Operating Officer from July 2004 to September 2005, and Executive Vice President from April 2002 to June 2003, Vice President of Finance from September 1999 to January 2001. Prior to joining us, Mr. Chao served as an audit manager at PricewaterhouseCoopers, LLP, an accounting firm. Prior to that, Mr. Chao was a news correspondent at Shanghai Media Group. Mr. Chao is currently the Chairman of the board of directors for Weibo Corporation, a leading social media company, Co-Chairman of E-House, a real estate services company, and a director of NetDragon Websoft Inc., a company providing technology for online gaming and a director of Leju Holdings Ltd., an online-to-offline (O2O) real estate services provider in China. Mr. Chao holds a Master of Professional Accounting degree from University of Texas at Austin, an M.A. in Journalism from University of Oklahoma and a B.A. in Journalism from Fudan University in Shanghai, China.

*Bonnie Yi Zhang* has served as our Chief Financial Officer since March 2015. From March 2014 to March 2015, Ms. Zhang was Chief Financial Officer of Weibo Corporation, one of our subsidiaries. Prior to joining Weibo, Ms. Zhang was the Chief Financial Officer of AdChina Ltd., a company operating an integrated internet advertising platform in China, from May 2011 to February 2014. From October 2007 to April 2011, Ms. Zhang was an audit partner of Deloitte Touche Tohmatsu based in Shanghai, with a focus on serving Chinese companies listed in the United States and Chinese companies making initial public offerings in the United States. From May 2005 to August 2007, she served as a senior manager in the National Office SEC Services group of Deloitte & Touche, LLP. While she was with that group, Ms. Zhang was primarily responsible for pre-issuance reviews of securities offering documents and periodic reports to be filed with the SEC and was primarily focusing on foreign private issuers. Ms. Zhang graduated summa cum laude in 1997 with a B.A. in Business Administration from McDaniel College in Maryland. She is a certified public accountant in the State of Maryland and is a member of the American Institution of

Certified Public Accountants.

*Hong Du* has served as our President and Chief Operating Officer since February 2013 and as a director of Weibo since January 2014. Ms. Du had served as our Chief Operating Officer from February 2008 to February 2013. Ms. Du joined us in November 1999 and worked in the Business Development department until April 2004. From May 2004 to January 2005, Ms. Du served as Deputy General Manager of 1Pai.com, a joint venture between SINA and Yahoo!. Ms. Du rejoined us in January 2005 and served as our General Manager of Sales Strategy from January 2005 to March 2005, General Manager of Sales from April 2005 to August 2005, Vice President of Sales from September 2005 to February 2007, and Senior Vice President of Sales and Marketing from February 2007 to February 2008. Ms. Du holds a B.S. in Applied Chemistry from Harbin Institute of Technology and an M.S. in MIS from San Francisco State University.

*Arthur Jianglei Wei* has served as our Senior Vice President since February 2015. Prior to joining SINA, Mr. Wei was a Vice President and the Chief Marketing Officer of Lenovo China. Mr. Wei joined Lenovo Group in 2007 and served various management positions within the group. From 1996 to 2007, Mr. Wei held several positions at Hewlett-Packard Co., in charge of marketing, business development, etc. Prior to that, Mr. Wei worked at Wyse Technology (Far East) Ltd. from 1994 to 1996 and at Beijing Hamamatsu Photonics K.K. from 1991 to 1994. Mr. Wei holds an M.B.A. from Santa Clara University.

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*Bin Zheng* has served as our Vice President of human resources since November 2013 and was promoted to be an executive officer of SINA in June 2014. Prior to joining SINA, Ms. Zheng served as Vice President of Qihoo 360 and Director of Qifei International, a subsidiary of Qihoo 360. Prior to that, Ms. Zheng served as Baidu's HR Executive Director from January 2008 to June 2011. Prior to her position in Baidu, Ms. Zheng held various Human Resources managerial roles in Fortune 500 companies, including Alcatel-Lucent, Lucent Technology Ltd. and General Electric. Ms. Zheng holds an EMBA degree from Peking University.

*Ter Fung Tsao* has served as a director since March 1999. Mr. Tsao has served as Chairman of Standard Foods Corporation (formerly known as Standard Foods Taiwan Ltd.), a packaged food company, since 1986. Before joining Standard Foods Taiwan Ltd., Mr. Tsao worked in several positions within The Quaker Oats Company, a packaged food company, in the United States and Taiwan. Mr. Tsao received a B.S. in Civil Engineering from Cheng Kung University in Taiwan, an M.S. in Sanitary Engineering from Colorado State University, and a Ph.D. in Food and Chemical Engineering from Colorado State University.

*Yan Wang* has served as a director since May 2003. Mr. Wang served as our Chairman of the Board of Directors from May 2006 to August 2012 and served as our Vice Chairman of the board of directors from May 2006 to May 2008. Previously, he served as our Chief Executive Officer from May 2003 to May 2006, our President from June 2001 to May 2003, our General Manager of China Operations from September 1999 to May 2001 and as our Executive Deputy General Manager for Production and Business Development in China from April 1999 to August 1999. In April 1996, Mr. Wang founded the SRSnet.com division of Beijing Stone Rich Sight Limited (currently known as Beijing SINA Information Technology Co., Ltd.), one of our subsidiaries. From April 1996 to April 1999, Mr. Wang served as the head of our SRS Internet Group. Mr. Wang holds a B.A. in Law from the University of Paris.

*Song-Yi Zhang* has served as a director since April 2004. Mr. Zhang currently serves as the Chairman of Mandra Capital. From November 1997 to November 2000, Mr. Zhang was a Managing Director of Morgan Stanley and served separately as a Managing Director in its Asia Mergers, Acquisitions, Restructuring and Divestiture Group and Co-head of its Asia Utilities/ Infrastructure Group. Mr. Zhang is currently a director of China Longyuan Power Group Corporation Limited, a wind power generation company. Mr. Zhang holds a J.D. degree from Yale Law School.

*Yichen Zhang* has served as a director since May 2002 and was a director of Weibo from January 2014 to January 2016. Mr. Zhang has been the Chairman and Chief Executive Officer of CITIC Capital Holdings Limited (CCHL, formerly known as CITIC Capital Markets Holdings Ltd.), a China-focused investment management and advisory firm. Prior to founding CITIC Capital, Mr. Zhang was an Executive Director of CITIC Pacific and President of CITIC Pacific Communications. He was previously a Managing Director at Merrill Lynch responsible for Debt Capital Market activities for the Greater China region. Mr. Zhang began his career at Greenwich Capital Markets in 1987 and became Bank of Tokyo's Head of Proprietary Trading in New York in the early 1990s. Mr. Zhang returned to China in the mid-1990s and advised the Chinese Ministry of Finance and other Chinese agencies on the development of the domestic government bond market. He is also a member of the Eleventh and Twelfth National Committee of the Chinese People's Political Consultative Conference. Mr. Zhang is a graduate of Massachusetts Institute of Technology.

There are no family relationships among any of the directors or executive officers of Sina Corporation. Our board of directors has determined that the following directors, representing a majority of our directors, are independent as defined under Nasdaq Marketplace Rule 5605(a)(2): Yan Wang, Ter Fung Tsao, Yichen Zhang, and Song-Yi Zhang. We intend to maintain a majority of independent directors on the Board.

**B. Compensation**

Each non-employee director receives an annual cash retainer of \$20,000, the Chair of the Audit Committee receives an additional annual cash retainer of \$5,000 and the Chair of the Compensation Committee receives an additional annual cash retainer of \$3,000. Currently, our employee directors are not entitled to any other cash compensation in addition to their employment compensation for serving on our board of directors. In 2015, we paid an aggregate of approximately \$1.3 million in cash compensation to our executive officers and non-employee directors as a group.

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In 2015, no restricted share units and options were granted to non-employee directors. In 2015, we granted an aggregate of 146,279 restricted share units and options to purchase 7,500 ordinary shares under our share incentive plans to our executive officers. In addition, Weibo granted an aggregate of 20,000 restricted share units under its share incentive plans to our directors and executive officers in 2015.

**SINA's Share Incentive Plans**

***Amended and Restated 2007 Share Incentive Plan***

Our 2007 share incentive plan was adopted on June 29, 2007 and amended and restated on August 2, 2010 (the Amended and Restated 2007 Plan). A total of 10,000,000 ordinary shares are available for issuance pursuant to awards granted under the Amended and Restated 2007 Plan. The Amended and Restated 2007 Plan permits the granting of share options, share appreciation rights, restricted share units and restricted shares. The maximum number of ordinary shares that may be granted subject to awards under the Amended and Restated 2007 Plan during any given fiscal year will be limited to 3% of the total outstanding shares of our company as of the end of the immediately preceding fiscal year, plus any shares remaining available under the share pool for the immediately preceding fiscal year. Share options and share appreciation rights must be granted with an exercise price of at least 100% of the fair market value on the date of grant.

Upon its adoption, the Amended and Restated 2007 Plan replaced our 1999 Stock Plan and 1999 Directors' Stock Option Plan. For a brief description of our 1999 Stock Plan and 1999 Directors' Stock Option Plan, see Note 15 to the consolidated financial statements. Our Amended and Restated 2007 Plan terminated on August 1, 2015. No additional awards could be made under our Amended and Restated 2007 Plan after its termination, but the termination of the plan would not impair any award previously granted under the plan.

As of March 31, 2016, there were 2,638,170 ordinary shares issuable upon exercise of outstanding options and vesting of outstanding restricted share units under the Amended and Restated 2007 Plan, and 24,000 ordinary shares issuable upon exercise of outstanding options under our 1999 Directors' Stock Option Plan.

***2015 Share Incentive Plan***

In July 2015, we adopted our 2015 share incentive plan, or the 2015 Plan. The aggregate number of shares reserved for issuance pursuant to awards under the 2015 Plan is 6,000,000 ordinary shares. The 2015 Plan permits the grant of four types of awards: share options, share appreciation rights, restricted share units and restricted shares. The maximum number of ordinary shares that may be granted subject to awards under the 2015 Plan during any given fiscal year will be limited to 3% of the total outstanding shares of our company as of the end of the immediately preceding fiscal year, plus any shares remaining available under the share pool for the immediately preceding fiscal year. As of March 31, 2016, there were 253,039 ordinary shares issuable upon exercise of outstanding restricted share units under the 2015 Plan.

The following table summarizes, as of March 31, 2016, the outstanding options and restricted share units that we granted to our directors, executive officers and other option grantees in the aggregate:

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Name	Ordinary Shares Underlying Outstanding Options and Restricted Share Units	Exercise Price (US\$/Share)	Grant Date	Expiration Date
Chao, Charles	*	51.48	June 27, 2012	June 27, 2018
	*	38.27	November 25, 2014	November 25, 2020
	*(1)		November 25, 2014	
Zhang, Bonnie Yi	*(1)		February 5, 2015	
Du, Hong	*	51.48	June 27, 2012	June 27, 2018
	*	38.27	November 25, 2014	November 25, 2020
	*(1)		November 25, 2014	
Zhang, Bin	*	35.69	January 16, 2015	January 16, 2021
	*(1)		December 30, 2013	
	*(1)		January 16, 2015	
	*(1)		May 1, 2015	
Wei, Arthur Jianglei	*(1)		April 6, 2015	
Tsao, Ter Fung	*	24.39	June 23, 2006	June 23, 2016
	*(1)		August 10, 2012	
	*(1)		November 8, 2013	
	*(1)		August 8, 2014	
	*(1)		February 19, 2016	
Wang, Yan	*(1)		August 10, 2012	
	*(1)		November 8, 2013	
	*(1)		August 8, 2014	
	*(1)		February 19, 2016	
Zhang, Song-Yi	*	24.39	June 23, 2006	June 23, 2016
	*(1)		August 10, 2012	
	*(1)		November 8, 2013	
	*(1)		August 8, 2014	
	*(1)		February 19, 2016	
Zhang, Yichen	*(1)		August 10, 2012	
	*(1)		November 8, 2013	
	*(1)		August 8, 2014	
	*(1)		February 19, 2016	
Other employees	263,623	From \$35.69 to \$51.48	From June 27, 2012 to January 16, 2015	From June 27, 2018 to January 16, 2021
	1,337,446(1)		From January 8, 2012 to January 11, 2016	
Total	2,915,209			

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\* Less than one percent of the outstanding ordinary shares

(1) Restricted share units

The options granted to our directors and executive officers generally have a term of six years, but are subject to earlier termination in connection with termination of continuous service to us. Generally, option grantees may pay the exercise price via a cashless exercise procedure. The options granted to directors and executive officers vest over a four-year vesting period with 1/8th of the shares covered by the option vesting on the six-month anniversary of the grant date and the remaining shares vesting ratably on a monthly basis over the remaining vesting period. Performance-based restricted share units are settled upon the achievement by our executive officers of the service-based vesting conditions prescribed by our board of directors. The restricted share units subject to service-based vesting that were granted to our non-employee directors generally vest over a four-year period on a straight-line basis on each six-month anniversary date. The restricted share units subject to service-based vesting that were granted to our executive officers generally vest over a four-year period on a straight-line basis on each six-month anniversary date. Restricted shares units that do not vest as prescribed will be forfeited.

**Weibo's Share Incentive Plans**

Weibo, our subsidiary, adopted its 2010 Share Incentive Plan in August 2010, under which 35,000,000 ordinary shares of Weibo were initially reserved for issuance. On March 28, 2014, Weibo adopted its 2014 Share Incentive Plan, which has a term of ten years. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2014 Share Incentive Plan is 5,647,872, the sum initially reserved under the 2014 Plan, plus the amount equal to 10% of the total number of our ordinary shares on an as-converted and fully diluted basis as of December 31, 2014. Weibo intends to use such share incentive plan to continue to attract and retain employee talent.

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The following table summarizes, as of March 31, 2016, the options and restricted shares granted under Weibo's share incentive plans to directors and executive officers of our company and to other individuals as a group, without giving effect to the options that were exercised or restricted shares that have vested, if any.

Name	Ordinary Shares Underlying Outstanding Options and Restricted Share Units	Exercise Price (US\$/Share)	Grant Date	Expiration Date
Chao, Charles	*(1)		October 10, 2014	
Zhang, Bonnie Yi	*(1)		April 4, 2014	
Du, Hong	* *(1)	0.36	September 28, 2010 April 4, 2014	September 28, 2017
Wei, Arthur Jianglei				
Bin Zheng	* *(1)	3.5	December 30, 2013 January 28, 2015	December 30, 2020
Tsao, Ter Fung	*(1)		November 8, 2013	
Wang, Yan	*(1)		November 8, 2013	
Zhang, Song-Yi	*(1)		November 8, 2013	
Zhang, Yichen	*(1) *(1)		November 8, 2013 April 4, 2014	
Other grantees	4,640,077 5,337,867(1)	From \$0.36 to \$3.50	From August 16, 2010 to December 30, 2013 From November 8, 2013 to December 14, 2015	From August 16, 2017 to December 30, 2020
Total	12,047,544			

\* Less than one percent of the total outstanding ordinary shares of Weibo

(1) Restricted share units of Weibo

***Change in Control and Severance Agreements***

Certain of our executive officers are entitled to receive cash payments and other benefits upon the occurrence of termination of employment or a change in control of our company when certain conditions are satisfied. See C. Board Practices Potential Payments upon Termination or Change

in Control below.

**C. Board Practices**

***Terms of Directors and Executive Officers***

Our Amended and Restated Articles of Association currently authorize a board of not less than two directors and require one-third of our directors to retire from office by rotation at each annual general meeting, thereby effectively classifying our board into three classes serving staggered terms. At each annual general meeting, the terms of one class of directors will expire. The directors whose terms expire each year will be those who have been in office the longest since their last election. A director whose term is expiring will remain in office until the close of the meeting at which his or her term expires, and will be eligible for re-election at that meeting. Our Amended and Restated Articles of Association also provide that any newly appointed director by the board shall hold office only until the next annual general meeting at which time such director shall be eligible for re-election by the shareholders.

We currently have five members of the board of directors. All members of the Board, except for the CEO, shall retire from office by rotation at our annual general meeting. Pursuant to our Amended and Restated Articles of Association, except for our CEO, who has been designated by the board as the managing director of our company and, as such, has a permanent seat on the board, one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire from office by rotation at each annual general meeting. The directors to retire at each annual general meeting shall be those who have been longest in office since their last election. Based on our current board composition, Ter Fung Tsao, as the Class I director, will retire and be eligible for re-election at our 2016 annual general meeting; Yichen Zhang, as the Class II director, will retire and be eligible for re-election at our 2017 annual general meeting; Yan Wang, as the Class III director, will retire and be eligible for re-election at our 2018 annual general meeting; and Song-Yi Zhang, as the Class IV director, will retire and be eligible for re-election at our 2019 annual general meeting. For the period during which each director has served on the Board, please refer to Item 6. Directors, Senior Management and Employees - A. Directors and Senior Management above.

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Our officers are elected by and serve at the discretion of the board of directors. Our employment agreements with our officers have a term of three or four years and may be extended for an additional one-year period after the end of original term. For the period during which each officer has served in office, please refer to Item 6. Directors, Senior Management and Employees A. Directors and Senior Management. above.

***Board Committees***

Our Audit Committee consists of Song-Yi Zhang and Ter Fung Tsao, and Song-Yi Zhang is the chairman. The board has determined that all members of the Audit Committee are independent under the standards set forth in Rule 10A-3 under the Securities Act of 1933, as amended, and in NASDAQ Listing Rules 5605, and each of them is able to read and understand fundamental financial statements. In addition, the board has determined that Song-Yi Zhang qualifies as an audit committee financial expert as defined in the instructions to Item 16A of the Form 20-F. Our Audit Committee is responsible for, among other things:

***Independent accountant***

1. Appoint the independent accountant for ratification by the stockholders and approve the compensation of and oversee the independent accountant.
2. Confirm that the proposed audit engagement team for the independent accountant complies with the applicable auditor rotation rules.
3. Ensure the receipt of, and review, a written statement from our independent accountant regarding the independent accountant's independence in accordance with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Audit Committee concerning independence.
4. Review with our independent accountant any disclosed relationship or service that may impact the objectivity and independence of the accountant.
5. Pre-approve all audit services and permitted non-audit services to be provided by the independent accountant as required by the Securities Exchange Act of 1934, as amended (the Exchange Act).
6. Review the plan for and the scope of the audit and related services at least annually.

*Financial Reporting*

7. Review and discuss with finance management our company's earnings press releases as well as earnings guidance provided to analysts.
  
8. Review the annual reports of our company with finance management and the independent accountant prior to filing of the reports with the SEC.
  
9. Review with finance management and the independent accountant at the completion of the annual audit:
  - a. Our company's annual financial statements and related footnotes;

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- b. The independent accountant's audit of the financial statements;
- c. Any significant changes required in the independent accountant's audit plan;
- d. Any serious difficulties or disputes with management encountered by the independent accountant during the course of the audit; and
- e. Other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards.

*Related Party and Relationship Disclosure*

- 10. Ensure the receipt of, and review, a report from the independent accountant required by Section 10A of the Exchange Act.
- 11. Oversee our company's compliance with SEC requirements for disclosure of accountant's services and Audit Committee members and activities.
- 12. Review and approve all related party transactions other than compensation transactions.

*Critical Accounting Policies & Principles and Key Transactions*

- 13. Review with finance management and the independent accountant at least annually our company's application of critical accounting policies and its consistency from period to period, and the compatibility of these accounting policies with generally accepted accounting principles, and (where appropriate) our provisions for future occurrences which may have a material impact on the financial statements of our company.

14. Oversee our company's finance function, which may include the adoption from time to time of a policy with regard to the investment of our assets.
  
15. Periodically discuss with the independent accountant, without Management being present, (i) their judgments about the quality, appropriateness, and acceptability of our company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (ii) the completeness and accuracy of our company's financial statements.
  
16. Review and discuss with finance management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of our company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.

***Internal Control and Related Matters***

17. Oversee the adequacy of our company's system of internal controls. Obtain from the independent accountant management letters or summaries on such internal controls. Review any related significant findings and recommendations of the independent accountant together with management's responses thereto.
  
18. Oversee our company's Anti-Fraud and Whistleblower Program.
  
19. Perform annual self-assessment on Audit Committee effectiveness.

In addition to the above responsibilities, the Audit Committee shall undertake such other duties as the board delegates to it or that are required by applicable laws, rules and regulations.

Finally, the Audit Committee shall ensure that our independent accountant understand both (i) their ultimate accountability to the board and the Audit Committee, as representatives of our shareholders and (ii) the Board's and the Audit Committee's ultimate authority and responsibility to select, evaluate and, where appropriate, replace our independent accountant (or to nominate the outside accountant to be proposed for shareholder approval in any proxy statement).

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Our Compensation Committee consists of Mr. Yan Wang and Mr. Yichen Zhang. The members of the Compensation Committee are non-employee directors. Our Compensation Committee is responsible for establishing and monitoring the general compensation policies and compensation plans of our company, as well as the specific compensation levels for executive officers. It also administers the granting of equity awards to executive officers under our share incentive plans.

***Potential Payments upon Termination or Change in Control***

We have entered into contracts with our executive director and officers, including Mr. Charles Chao, our Chief Executive Officer and a director of our Company, which provide for potential payments upon termination or change in control.

***Terms of Potential Payments Termination***

We have entered into an employment agreement with our executive director and officers providing, among other things, that in the event that employment of such executive director or officer is terminated without cause or if a constructive termination occurs (either event, an Involuntary Termination ), such executive director or officer shall be entitled to receive payment of severance benefits equal to his or her regular monthly salary for twelve months (or in the case of Charles Chao, (i) eighteen months if the remaining term of his employment agreement (the Remaining Term ) is more than or equal to eighteen months, (ii) the Remaining Term if the Remaining Term is less than eighteen months but more than twelve months, or (iii) twelve months if the Remaining Term is equal to or less than 12 months (the Severance Period )), provided that the executive director or officer executes a release agreement at the time of such termination. An amount equal to six months of such severance benefits shall be paid on the six-month anniversary of the termination date, and the remaining severance benefits shall be paid ratably over the following six-month period (or in the case of Mr. Chao, over the remaining Severance Period) in accordance with our standard payroll schedule. Additionally, upon an Involuntary Termination, such executive officer will be entitled to receive any bonus earned as of the date of such termination, which amount shall be paid on the six-month anniversary of such executive officer's termination date. We will also reimburse such executive director and officer over the twelve months following termination (or in the case of Mr. Chao, over the Severance Period) for health insurance benefits with the same coverage provided to such executive officer prior to his or her termination, provided that reimbursement for the first six months shall be paid on the six-month anniversary of such executive officer's termination date and reimbursement for any remaining health insurance benefits shall be paid on the first day of each month during which such executive officer receives such health insurance benefits. Any unvested share options or shares of restricted stock held by such executive officer as of the date of his or her Involuntary Termination will vest as to that number of shares that such executive officer would have vested over the twelve-month period following his or her termination (or in the case of Mr. Chao, during the Severance Period) if he or she had continued employment with our company through such period, and such executive officer shall be entitled to exercise any such share options through the date that is the later of (x) the 15th day of the third month following the date the share options would otherwise expire, or (y) the end of the calendar year in which the share options would otherwise expire. Such executive officer is not eligible for any severance benefits if his employment is terminated voluntarily or if he or she is terminated for cause.

In the event that an executive officer voluntarily elects to terminate his or her employment, he or she will receive payment(s) for all salary and unpaid vacation accrued as of the date of his termination of employment and his or her benefits will be continued in accordance with our then-existing benefits plans and policies in effect on the date of termination and in accordance with applicable law. In the event that an executive officer's employment is terminated for cause, then he or she shall not be entitled to receive payment of any severance benefits, but he will receive payment(s) for all salary and unpaid vacation accrued as of the date of such termination and his or her benefits will be continued in accordance with our then-existing benefits plans and policies in effect on the date of termination and in accordance with applicable law.

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In the event that an executive officer's employment with our company terminates as a result of his or her death or disability, such executive officer's estate or representative will receive the amount of such executive officer's target bonus for the fiscal year in which the death or disability occurs to the extent that the bonus has been earned as of the date of such death or disability, as determined by the board of directors or the Compensation Committee based on the specific corporate and individual performance targets established for such fiscal year.

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***Terms of Potential Payments Change in Control***

In addition to the employment agreements described above, We have also entered into a change in control agreement with its executives. Under the change in control agreements, in general, a change in control shall be deemed to occur if (i) any person or entity acquires fifty percent or more of the combined voting power of our outstanding securities, (ii) during any period of two consecutive years there is an unwelcome change in a majority of the members of our board of directors, (iii) we merge or consolidate with another organization (other than a merger where our shareholders continue to own more than fifty percent of the combined voting power and with the power to elect at least a majority of the board of directors), (iv) our shareholders approve a complete liquidation or an agreement for the sale or disposition of all or substantially all of our assets or (v) there occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act.

The change in control agreement provides for certain benefits in the event of a change in control as well as in the event of an involuntary termination after a change in control. Upon a change in control in which the successor corporation does not assume outstanding options, all such options shall become fully vested and exercisable. In addition, if an executive officer's employment with our company is terminated without cause or if he or she resigns for good reason (as such terms are defined in the change in control agreements) within 24 months following a change in control, such executive officer will receive a pro-rata amount of the full value of any targeted annual bonus for the year in which his or her employment is terminated, the greater of 100% of his or her annual base salary and 100% of his or her targeted annual bonus for the year in which his or her employment is terminated, reimbursement in full of the applicable insurance premiums for him or her and his or her eligible dependents for the first eighteen months that he or she and his or her dependents are eligible for health insurance coverage if a continuance of health insurance benefits are elected, continued D&O insurance coverage for six years after his or her termination, an acceleration of all stock awards that are vested as of his or her termination date and a tax gross up for any excise tax imposed by Internal Revenue Code Section 4999. If the termination is by reason of death or disability within 24 months following a change in control, such executive officer or his or her estate will be entitled to continued payment of his or her full base salary at the rate then in effect on the date of termination for a period of one year from the date of termination. The change in control agreement also provides for a payment of an amount equal to the full value of the excise tax imposed by Section 4999 of the Internal Revenue Code should the executive officer be subject to the excise tax on golden parachute payments under the Internal Revenue Code.

Except as set forth in Item 6.B. and Item 6.C., we have no service contracts with any of our directors that provide benefits to them upon termination.

***D. Employees***

We had 7,010, 8,021 and 7,646 employees respectively as of December 31, 2013, 2014 and 2015. Currently most of them were employed in the PRC with the remaining employed in the United States, Hong Kong and Taiwan. From time to time we employ independent contractors to support our production, engineering, marketing and sales departments. The number of independent contractors employed during 2015 was not significant. Our Chinese employees are members of a labor association that represents employees with respect to labor disputes and other employee matters. To date, we have not experienced a work stoppage or a labor dispute that has interfered with our operations.

***E. Share Ownership***

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The following table sets forth certain information that has been provided to us with respect to the beneficial ownership of our ordinary shares as of March 31, 2016 by:

- each shareholder known to us own beneficially more than 5% of the ordinary shares;
- each director;

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- each of our executive officers listed in Directors and Senior Management above; and
- all of our current directors and executive officers as a group.

Percentage of beneficial ownership is based on 69,860,557 ordinary shares (excluding 9,274,507 ordinary shares that have been repurchased but not cancelled) outstanding as of March 31, 2016 together with options that are exercisable within 60 days from March 31, 2016 and shares issuable upon vesting of restricted share units within 60 days from March 31, 2016 for each shareholder. Beneficial ownership is determined in accordance with the rules of the SEC.

**Name and Address of Beneficial Owners**