

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from to

Commission file number: 000-30698

SINA CORPORATION

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

**37F, Jin Mao Tower
88 Century Boulevard, Pudong
Shanghai 200121, China**

(Address of principal executive offices)

**Chief Financial Officer
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No. 58 Northwest 4th Ring Road, Haidian District, Beijing, 100080, People's Republic of China

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

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
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, 2012, there were 66,639,057 shares of the registrant's ordinary shares outstanding, \$0.133 par value.

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(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;*
- *“shares” or “common shares” refer to our ordinary shares;*
- *all references to “RMB” or “renminbi” are to the legal currency of China, and all references to “\$,” “dollars,” “US\$” and “U.S. dollars” are to the legal currency of the United States. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this annual report were made at a rate of RMB6.2301 to US\$1.00, the exchange rate on December 31, 2012 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.*

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.

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, 2012. The Company’s 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 the other information contained in this Form 20-F.

	Years Ended December 31,				
	2012 ⁽¹⁾	2011 ⁽²⁾	2010 ⁽³⁾	2009 ⁽⁴⁾	2008 ⁽⁵⁾
	(In thousands, except per share data)				
Operations:					
Net revenues	\$ 529,329	\$ 482,829	\$ 402,617	\$ 358,567	\$ 369,587
Gross profit	281,397	267,481	234,207	200,275	219,252
Income (loss) from operations	(8,548)	(33,662)	96,243	37,202	74,581
Income (loss) before income tax expense	34,585	(297,417)	(10,903)	420,628	95,209
Net income (loss)	31,855	(302,418)	(19,339)	412,305	81,167
Net income (loss) attributable to SINA	31,738	(302,092)	(19,094)	411,895	80,638
Net income (loss) per share attributable to SINA					
Basic	\$ 0.48	\$ (4.64)	\$ (0.31)	\$ 7.53	\$ 1.44
Diluted	\$ 0.47	\$ (4.64)	\$ (0.31)	\$ 6.95	\$ 1.33
Shares used in computing basic net income (loss) per share attributable to SINA	66,401	65,121	61,216	54,722	55,821
Shares used in computing diluted net income (loss) per share attributable to SINA	66,849	65,121	61,216	59,259	60,474

- (1) 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 Mecox Lane Limited (“MCOX”). In 2012, China Real Estate Information Corporation (“CRIC”) merged into and became a 100% subsidiary of E-House (China) Holdings Limited (“E-House”). As a result, the Company’s 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. The Company recognized an amount of \$45.3 million one-time gain as a result of the merger. The Company 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.
- (2) 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 MCOX and goodwill impairment of \$68.9 million related to our MVAS business.
- (3) Fiscal year 2010 results included an other-than-temporary impairment of \$128.6 million related to our equity investment in CRIC.
- (4) In 2009, the Company spun off China Online Housing Technology Corporation (“COHT”) and merged it with CRIC, a real estate information and consulting services subsidiary of E-House, following CRIC’s initial public offering. The Company recorded a one-time gain of \$376.6 million resulting from the sale of its 66% equity interest in COHT in exchange for CRIC’s ordinary shares. Beginning October 1, 2009, the Company no longer consolidates the financial results of COHT and instead accounts for its interest in CRIC using the equity method of accounting.

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(5) In 2008, the Company restructured its real estate and home decoration channels and related business into a new subsidiary, COHT, and sold a 34% interest to E-House. The operating results of COHT were subsequently consolidated until September 30, 2009.

	As of December 31,				
	2012	2011	2010	2009	2008
	(In thousands)				
Financial position:					
Cash, cash equivalents and short-term investments	\$ 713,598	\$ 673,475	\$ 882,835	\$ 821,518	\$ 603,824
Working capital	658,318	627,167	760,635	694,484	498,524
Total assets	1,482,906	1,391,447	1,636,090	1,613,842	822,494
Long-term liabilities	110,004	128,355	147,540	166,729	4,039
Total liabilities	337,033	329,098	395,564	391,143	197,946
SINA shareholders' equity	1,136,670	1,055,670	1,239,308	1,221,727	620,505
Total shareholders' equity	1,145,873	1,062,349	1,240,526	1,222,699	624,548

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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 a 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 product “Weibo”;
- respond effectively to competitive pressures and address the effects of strategic relationships or corporate combinations among our competitors;

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- attract buyers for our mobile value-added services (“MVAS”);
- 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. Many online advertising companies in China with varying monetization models and product lines have recently received private and/or public capital funding and are seeking to grow their online advertising revenues and gain market share, often with apparent little regard to profit margins. 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 who seem to be willing to grow their advertising revenues and market shares at low margins or at a loss. 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 and 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; 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 sales as a significant part of our future revenues, but the online advertising market is subject to many uncertainties, which could cause our advertising revenues to decline.

The online advertising market is rapidly evolving in China. Many of our current and potential advertisers have limited experience with the Internet as an advertising medium, have not traditionally devoted a significant portion of their advertising expenditures or other available funds to web-based advertising, 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 or securing a significant share of those budgets. If the Internet does not become more widely accepted as a medium for advertising, our ability to generate additional revenues could be negatively affected. Our ability to generate significant advertising 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 prices and limitations on web page space;
- changes in government policy that curtail or restrict our online advertising services or content offerings or increase our costs associated with policy compliance;
- the acceptance of online advertising as an effective way for advertisers to market their businesses;
- advertisers' preferences for new online advertising 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 2012, approximately 85% of our 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 spending, especially in these sectors, our results of operations, cash flows and financial condition and our share price could suffer. Our growth in advertising revenues will also depend on our ability to increase the advertising space on our network and develop new advertising inventory offerings, such as those tied to video content and user-generated content in social media or social networking environments and performance-based inventories. If we fail to increase our advertising space at a sufficient rate or fail to develop new advertising inventory offerings that achieve market acceptance, our growth in advertising revenues could be hampered and our share price may drop significantly. Further, the increasing usage of Internet advertising blocking software may result in a decrease of our advertising revenues as the advertisers may choose not to advertise on the Internet if such software is widely used. Our advertising revenues may also be materially adversely impacted if we are unable to develop effective advertising 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.

If our social media Weibo fails to achieve wide adoption and generate sustainable revenue growth and profit, our share price could suffer significantly.

We only started to monetize Weibo traffic in the second quarter of 2012 through advertising and value-added services such as gaming and membership fees. Weibo is a form of social media featuring microblogging services and social networking services and, thus, is subject to intense competition from providers of both types of services and potential new types of online networking services. The major Chinese portals, including Tencent Holdings Ltd. ("Tencent"), Sohu.com Inc. ("Sohu") and NetEase.com Inc. ("Netease"), offer similar products that compete with us for users and traffic, as well as content, talent and marketing resources. In addition, there are many websites, including Kaixin001.com, Renren.com, 51.com, Giant Interactive Group Inc. ("Giant Interactive") and China Mobile (139.com) and mobile applications, including Line, WeChat (Tencent) and Immomo.com, that specialize in providing microblogging services and/or social networking services. We may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our financial performance.

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Monetization has been a challenge to other microblogging services and social networking services, and it has been a challenge to us as well. We cannot guarantee that the monetization methods adopted by other microblogging services 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.

In addition, government regulation and censorship of information disseminated over the Internet in China may adversely affect our ability to operate Weibo. See "Even if we are in compliance with PRC governmental regulations relating to licensing and foreign investment prohibitions, the PRC 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" below for further details. Although we attempt to monitor the content posted on Weibo, we may not always be able to effectively control or restrict the content generated or placed on Weibo by our users and the PRC government may increase the level of Internet censorship. On March 31, 2012, we had to disable the comment feature of Weibo for three days to clean up comments related to certain rumors that were posted on our website. If in the future the PRC government authorities decide to restrict the dissemination of information via microblogging services or online postings in general, Weibo could be impaired or even ordered to shut down, which may adversely impact our website traffic, ability to monetize Weibo and our brand.

Furthermore, we may be subject to claims based on the user-generated content posted on Weibo. See "— We may be subject to litigation for user-generated content provided on our websites, which may be time-consuming to defend" below for more details.

Weibo monetization may require users to accept "pushed" advertising in their feeds, 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 from accounts that they have selected to follow. Social networking companies have been subject to negative comments (and in the case of Facebook, a lawsuit) for introducing pushed advertising into their users' content stream. We started to test pushed 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, which may adversely impact our revenues and profitability.

We rely on MVAS for a significant portion of our revenues. Our MVAS revenues have experienced an overall decline and may decrease further in the future.

In 2012, 2011 and 2010, MVAS revenues accounted for 13%, 18% and 22% 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;

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- our ability to attract new subscribers in a cost-effective manner;
- our ability to provide satisfactory services to customers;
- competitors, including 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 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 (superseded by the Ministry of Industry and Information Technology established in March 2008, both of which are referred to as the “MII”) 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. The MII has proposed mobile users, including pre-paid card subscribers, be required 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
- changes in mobile subscriber base from 2G and 2.5G, from whom we derive most of our MVAS revenues, to 3G, where mobile application is 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 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 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.

With respect to MVAS, we rely on China Mobile, China Unicom and other operators for marketing, service delivery, billing and payment collection, and we may be adversely affected by changes that they may make suddenly and unilaterally.

Our MVAS offerings depend mainly on cooperation arrangements with China Mobile and China Unicom and, to a lesser extent, China Telecommunications Corporation (“China Telecom”). We rely on these operators in the following ways: utilizing their network and gateway to recruit and provide MVAS to subscribers; utilizing their billing systems to charge the fees to our subscribers through the subscribers’ mobile phone bills; utilizing their collection services to collect payments from subscribers; and relying on their infrastructure development to further develop our new products and services. As of December 31, 2012, we offered our MVAS through 30 provincial and local subsidiaries of China Mobile and 3 provincial subsidiaries of China Unicom. As we have limited bargaining power over the operators, we may be required to enter into cooperation agreements on terms that are unfavorable to us. The operators may also unilaterally terminate or amend the agreements at any time. If China Mobile, China Unicom or other operators choose not to continue the cooperation arrangements with us or if they unilaterally amend the cooperation arrangements with terms significantly unfavorable to us, our MVAS revenues and operating profitability could be materially and negatively affected.

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In the past, operators have made sudden and unexpected changes in their policies, processes and systems, which have harmed, and may continue to harm, our business. For example:

- In November 2009, China Mobile implemented a series of measures that targeted at eliminating offensive or unauthorized content for the WAP product line. As part of this effort, China Mobile has suspended billing customers of Wireless Application Protocol (“WAP”) services since 2009, including those that do not contain offensive or unauthorized content, on behalf of third-party service providers of such services. China Mobile has not yet indicated whether WAP billing will resume and, if so, when and under what conditions.
- In December 2010, under the MII’s policy directives, China Mobile began requiring a subscription reminder to be sent for monthly MVAS subscriptions after receiving double confirmation of the subscription. Subscribers can cancel MVAS subscriptions by replying to the reminder notice. This has complicated the subscription process and reduced our ability to acquire new monthly subscribers in a cost-effective manner.
- In January 2011, China Mobile implemented a series of measures that included limiting the service offerings and partnerships allowed for each SMS service code, preventing the television and radio promotion of certain interactive voice response (“IVR”) products and requiring additional notices and customer confirmations in the MVAS ordering process. These measures have had a negative impact to our results of operations, cash flows and financial condition.
- In September, 2012, China Unicom implemented a series of measures that limited the promotion of certain MVAS. A MVAS provider may be penalized if the number of complaints against the provider related to non-compliance of MVAS subscriptions with China Unicom’s standard procedure exceeds a given threshold. Our MVAS revenues were significantly affected by such measures.

Our mobile operators have made other policy changes in the past and may make further changes at any time, including, but not limited to, requiring us to use the operators’ customer service and/or marketing service and charging for these services; requiring us to migrate our MVAS to an operator’s platform and increase the fees charged for using the operator’s platform; changing their fee structure or billing method in a way that would require us to delay the recognition of MVAS revenues from an accrual basis to when actual payments are received; implementing new billing rules, such as reducing MVAS fees that can be charged to users; disallowing us to bill certain inactive users and limiting the amount of MVAS fees that can be billed; requiring us to absorb end customer bad debts; issuing new rules on how WAP services are ranked on operator browsers, which significantly determines WAP revenues; refusing to pay us for services delivered; limiting the product offerings of service providers by working directly with content providers to launch competing services or giving exclusive rights to certain service providers to offer certain MVAS; complicating our product launch procedures by requiring approval at the provincial level of the operator; and prolonging the product launch review period from monthly to quarterly. Any change in policy, process or system by the operators could result in a material reduction of our MVAS revenues.

China Mobile, China Unicom and other operators have in the past increased the fees charged for providing their services and may do so again in the future. If they choose to increase such fees, our gross margin for MVAS and our operating profitability may be negatively impacted. These operators have generally retained a certain percentage of the fees for MVAS we provided to our users via their platform for fee collection. In addition, they charge transmission fees for some products such as SMS and Multimedia Message Service (“MMS”) on a per message basis, and the rates of such transmission fees vary for different products and message volume. For 2012, we received on average 72% and 74% of the amount we charged to our users via the China Mobile platform and the China Unicom platform, respectively, after they deducted the fees for collection and transmission.

Our MVAS revenues could be negatively impacted if China Mobile, China Unicom or other operators restrict MVAS to be charged on a monthly subscription basis or disallow us to charge monthly fees for users who do not use our service in a particular month. For 2012, approximately 5% of our MVAS revenues were derived from monthly subscription products, which mainly consist of SMS and MMS.

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In the past, China Mobile and China Unicom imposed penalties on MVAS providers for violating certain of their operating policies relating to MVAS. In some cases, they stopped making payments to certain service providers for serious violations. In the past three years, the total penalties we were subject to were insignificant in dollar amounts, but it is difficult to determine the specific conduct that might be interpreted as violating their operating policies. Additionally, operators may unilaterally revise their arrangements with us at any time, which could result in us breaching the new terms and being subject to fines. If China Mobile, China Unicom or other operators impose more severe penalties on us for policy violations, our MVAS revenues and operating results may be negatively impacted.

We are potentially subject to liability and penalty for delivering inappropriate content through our MVAS. One of the violations cited in the notice for temporary termination of our IVR service at the end of July 2004 was that we had provided inappropriate content to our mobile subscribers through our IVR service. The definition and interpretation of inappropriate content in many cases are vague and subjective. We are not sure whether operators, including China Mobile and China Unicom, or the Chinese government will find our mobile content inappropriate and therefore prevent us from operating the MVAS relating to such content in the future. If they prevent us from offering such services, our MVAS revenues may suffer significantly.

A portion of our MVAS revenues is currently estimated based on our internal records of billings and transmissions for the month, adjusted for prior period confirmation rates from operators and prior period discrepancies between internal estimates and confirmed amounts from operators. Historically, there have been no significant true-up adjustments to our estimates. If there was no consistent trend of confirmation rates or if there were continuous significant true-up adjustments to our estimates under the new billing platforms, we will need to rely on the billing statements from the operators to record revenues. Due to the time lag of receiving the billing statements, our MVAS revenues may fluctuate with the collection of billing statements if we were to record our MVAS revenues when we receive the billing statements. For example, if an operator switches payment to service providers from estimated collection from users to actual collection, such policy change may cause us to delay the recognition of these revenues until we receive the actual billings and/or until we have reliable information to make such revenue estimates. For 2012, approximately 6% of our MVAS revenues were estimated at period end.

In the past, China Mobile has requested resettlement of billings that were settled in previous periods on which payments had been made to us. We have had to accrue for such credits against revenues based on a rolling history, and the true-ups between the accrued amounts and actual credit memos issued by China Mobile have not been significant. However, if China Mobile or other operators request resettlement of billings for a previous period at amounts significantly larger than the credits we accrued based on historical patterns, our operating results, financial position and cash flow may be severely impacted.

If China Mobile's, China Unicom's or other operators' systems encounter technical problems, if they refuse to cooperate with us or if they do not provide adequate services, our MVAS offerings may cease or be severely disrupted, which could have a significant and adverse impact on our operating results.

The markets for Internet and MVAS 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 various content and 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, TOM Online, Inc. ("TOM Online"), Sohu and 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, PCAuto, Autohome and Bitauto, Xcar, ZOL Online, PCpop.com and PConline.

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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. In the social media and social networking services space, we compete with large, established portals, including Tencent, Sohu, iFeng.com and Netease, as well as vertically focused players such as Renren.com, Kaixin001.com, Giant Interactive (51.com), Tianya.cn, Dianping.com, Meilishuo.com, Immomo.com and 139.com. In online video, our competitors include Youku Tudou, Baidu (iQiyi), Renren.com (56.com), Shanda (Ku6), PPLive, PPStream and Xunlei (Kankan.com), as well as the video offerings of large portals. In the WAP space, key competitors include Tencent as well as WAP portals operated by mobile operators, such as China Mobile's Monternet. In blog and light blog, we compete with public companies, such as Baidu, Tencent, Netease, Sohu and Shanda (Shanda Literature and Tuita.com), iFeng.com (light blog), as well as vertically focused websites, such as Bokee, Blogbus, Poco, Hexun and Diandian.com. In messaging services, we face competition from Tencent (QQ and Weixin), Microsoft (MSN Messenger), and Yahoo!/Alibaba (Yahoo Messenger).

On MVAS, we compete with other service providers such as Kongzhong and Linktone that specialize in MVAS as well as other players such as Sohu, iFeng.com and TOM Online. In addition, the major operators in China, including China Mobile and China Unicom, have entered the business of content development.

In addition, we compete with companies who sponsor or maintain high-traffic 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 systems. Search providers include Internet search companies, such as Baidu, Tencent (Soso), Yahoo!/Alibaba, Sohu (Sogou), Qihoo, Microsoft (Bing), 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 pages providers include Qihoo (hao.360.cn) and Baidu (hao123.com). Companies that offer desktop applications, such as instant messaging (IM), pinyin, web browser and application downloading, and mobile applications, such as messenger application and mobile browsers, include Tencent, Sohu (Sogou), Qihoo, Microsoft Corporation (MSN), Yahoo!/Alibaba (Yahoo Messenger) and UC Mobile Ltd (UC Browser). 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 advertising services.

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

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There has in the past been various negative press coverage about our company based on untrue or unsubstantiated rumors and, as a result, the price of our ordinary shares has at times been negatively affected. 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.

Our financial results could be adversely affected by our equity investments.

We periodically review our equity 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, 2012, our equity investments included \$195.0 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. In 2010, we recognized impairment charges of \$128.6 million on our investment in CRIC. In 2011, we recognized impairment charges of \$230.3 million and \$50.9 million on our investments in CRIC and MCOX, respectively. In 2012, we recognized an impairment charge of 18.5 million on our equity investment, including \$8.4 million on our investment in MCOX. We may continue to incur impairment charges, which could depress our profitability or subject to incur a net loss.

We reported our ownership in CRIC using the equity method of accounting starting from October 1, 2009 and, as such, our net income was impacted by CRIC's performance. For 2011, we recorded \$2.6 million in income from equity investment in CRIC. 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. Our earnings from equity investments has declined since the merger of CRIC with E-House. For 2012, we recorded \$16.7 million in loss from equity investment in CRIC/E-House, and we may continue to incur a loss from such investment.

Our future financial results may be also adversely affected by the performance of E-House. If E-House's financial results decline, it will negatively impact our financial results. Furthermore, we will not be able to report our quarter and annual results until we have obtained E-House's results. A delay in E-House's reporting could adversely affect our reporting schedule and cause the market to react negatively to our share price. E-House's business (including CRIC'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:

- 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;

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- 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 Securities and Exchange Commission (the “SEC”). SINA assumes no obligation to update E-House’s risks factors.

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 microblogging 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.

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.

More individuals are using devices other than personal computers to access the Internet. If users of these devices do not widely adopt versions of our products and services developed for these devices, our business could be adversely affected.

The number of individuals who access the Internet through devices other than personal computers, including mobile phones, handheld computers, tablets, television and other devices, has increased significantly and the trend is expected to continue. We expect mobile traffic to be a significant contributor to our overall traffic growth. The operating systems, software, resolution, functionality, and memory associated with some alternative devices may make the use of our products and services through such devices more difficult and less compelling to users, manufacturers, or distributors of alternative devices. Each manufacturer may have unique technical standards for its devices, and our products and services may not work or be viewable on these devices as a result. We have limited experience in operating versions of our products and services developed or optimized for users of alternative devices, such as iOS, Android devices and Window 8, or in designing alternative devices. As new devices and new platforms continue to be released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these alternative devices and we may need to devote significant resources to create, support, and maintain our offerings on such devices. If we are unable to attract and retain a substantial number of alternative device manufacturers, distributors, and users to our products and services, or if we are slow to develop products and technologies that are more compatible with alternative devices, we will fail to capture a significant share of an increasingly important portion of the market for online services, which could adversely affect our business and our share price.

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.

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

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

We have expanded rapidly by acquiring companies, entering into joint ventures and forming strategic partnerships. These new businesses, joint ventures and strategic partnerships provide various services, such as MVAS, 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.

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. 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.

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 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. For example, on July 13, 2006, the MII issued The Circular of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunication Services (the "MII Circular 2006"). 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 of the 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 and improve measures to ensuring safety of network information. The trademark "SINA" and domain name "www.sina.com.cn" were transferred from Beijing SINA Information Technology Co., Ltd. (formerly known as Beijing Stone Rich Sight Information Technology Co., Ltd. ("BSIT")), one of our wholly owned subsidiaries to Beijing SINA Internet Information Service Co., Ltd., a PRC company controlled by us through contractual arrangements (the "ICP Company").

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- 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 State Secrecy Bureau, which is directly responsible for the protection of state secrets of all Chinese government and Chinese Communist Party organizations, is 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 distribution of online information. In addition, 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. Internet service providers are required to 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 liabilities and penalties.
- 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 State Administration of Radio, Film and Television (the “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. For example, effective as of January 31, 2008, the Administrative Provisions on Internet Audio-visual Program Service, jointly promulgated by the SARFT and the MII (the “Audio-visual Program Provisions”) require any entity engaged in providing Internet audio-visual program services to obtain a license or register with the SARFT; an applicant 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 issued by the SARFT. The SARFT and the MII later clarified that websites that existed before the promulgation of the Audio-visual Program Provisions may, once they are registered with the SARFT, continue operating 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. The ICP Company currently holds a License for Online Transmission of Audio-visual Programs issued by the SARFT valid through April 28, 2015. Considering the requirements set out in the Audio-visual Program Provisions, it is uncertain whether the ICP Company will be able to successfully procure the renewal of the License for Online Transmission of Audio-visual Programs upon its expiration. Should any official explanations or implementation rules of the Audio-visual Program Provisions forbid any non-state-controlled entities from engaging in Internet audio-visual program service such that the SARFT rejects our renewal application, we may be disqualified from operating online transmission of audio-visual programs.
- 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.

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. See “Government Regulation and Legal Uncertainties” below for more details.

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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.

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. See “Item 4.C. Organizational Structure.”

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 MII, will support GAPP to enforce the prohibition of the VIE model that Circular 13 contemplates.

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. We are in the process of obtaining the relevant registrations.

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 these businesses. 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.

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.

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

On December 16, 2011, the Beijing Municipal Government issued the Rules on the Administration of Microblog Development, or the “Microblog Rules,” which became effective on the same day. Under the Microblog Rules, users who post publicly on microblogs are required to disclose their real identity information to the microblogging service provider and may still use pen names to reflect their account names on the front end. Microblogging service providers are required to verify the identities of their users. In addition, microblogging service providers based in Beijing are required to verify the identities of all of their users by March 16, 2012, including existing users who post publicly on their websites. The user identity verification requirements have deterred new users from completing their registrations on Weibo, and a significant portion of registrations with user identity information provided were rejected because they do not match the Chinese government database.

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Although we have made significant efforts to comply with the verification requirements, 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 July 2004, our IVR service was temporarily terminated by China Mobile, citing that we had provided inappropriate content to our mobile subscribers through our IVR service. In January 2005, the SARFT, 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. The SARFT 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 operators, including China Mobile and China Unicom, or the Chinese government will find our other mobile content inappropriate and therefore prevent us from operating the MVAS relating to such content in the future. If they prevent us from offering such services, our profit from MVAS will suffer.

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.

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.

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 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 MII. 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 operations could be disrupted by unexpected network interruptions caused by system failures, natural disasters or unauthorized tampering with our systems.

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 advertisers 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.

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 substantial 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.

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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.

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 e-commerce transactions and confidentiality of user information on the Internet may reduce use of our network and impede our growth.

A significant barrier to e-commerce 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 erode our brand equity, reduce traffic to our destination sites and adversely impact our financial condition 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.

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.

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 network and the products and services sold on our network, 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, 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. Our UGC 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.

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.

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.

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

We have provided Weibo Credit as an online virtual currency offered to users to purchase in-game virtual goods or other types of fee-based services on Weibo.com. On June 4, 2009 the Ministry of Culture (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. These regulations could have an adverse effect on our Weibo credit offering and game-related fee-based revenues. In addition, 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.

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.

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 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 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 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 young 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.

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, 2012, we had approximately \$694.0 million 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 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.

If tax benefits available to us in China are reduced or repealed, our results of operations could suffer significantly and your investment in our ordinary shares may be adversely affected.

We are incorporated in the Cayman Islands where no income taxes are imposed for businesses operated outside of the Cayman Islands. We have operations in four tax jurisdictions including China, the U.S., Hong Kong and Taiwan. For our operations in the U.S., Hong Kong and Taiwan, we have incurred net accumulated operating losses for income tax purposes. We believe that it is more likely than not that these net accumulated operating losses will not be utilized to offset taxable income in the future and hence we have not recognized income tax benefits for these locations. We do not expect that we will record any taxable income for our operations in the U.S., Hong Kong and Taiwan in the foreseeable future.

We generated substantially all our net income from our China operations. Our China operations are conducted through various subsidiaries and VIEs.

Due to our operation and tax structures in the PRC, we have entered into technical and other service agreements between our directly owned subsidiaries and our VIEs in the PRC. We incur a business tax of up to 5% when our directly owned subsidiaries receive the fees from the VIEs pursuant to such service agreements, which we include in our operating expenses as the cost of transferring economic benefit generated from these VIEs. Due to the uncertainties surrounding the interpretation of the tax transfer pricing rules relating to related party transactions in the PRC, it is possible that tax authorities in the PRC might in the future challenge the transfer prices that we used for the related party transactions among our entities in the PRC.

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Beginning January 1, 2008, the new Enterprise Income Tax Law (the “EIT Law”) and the Implementing Rules of the EIT Law (the “Implementing Rules”) approved by the State Council became effective in China, which require, among other things, enterprises in China to submit their annual enterprise income tax returns together with a report on transactions with their affiliates to the relevant tax authorities. The EIT Law and the 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 that our VIEs adjust their taxable income upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by increasing our VIEs’ tax expenses, which could subject our VIEs to late payment fees and other penalties for underpayment of taxes, and/or could result in the loss of tax benefits available to our subsidiaries in China.

The EIT Law supplemented by the Implementing Rules supersedes the previous Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises (the “Previous IT Law”) and unifies the enterprise income tax rate for foreign-invested enterprises (“FIEs”) and domestic enterprises at 25%. High and new technology enterprises continue to enjoy a preferential tax rate of 15%, but must meet the criteria defined under the EIT Law and related regulations. The EIT Law provides for a five-year transitional period for certain entities that enjoyed a favorable income tax rate of less than 25% and/or a preferential tax holiday under the Previous IT Law and were established before March 16, 2007, during which period the applicable enterprise income tax rate shall gradually increase to 25%. In addition, the EIT Law provides grandfather treatment for high and new technology enterprises that received special tax holidays under the Previous IT Law, which allows them to continue to enjoy their tax holidays until expiration provided that specific conditions are met. As of December 31, 2012, three of our subsidiaries in China were qualified as high and new technology enterprises under the EIT Law. In addition, certain VIEs in China enjoy a favorable income tax rate of less than 25%. According to the EIT Law and the Administration Measures for Recognition of High and New Technology Enterprises, which were jointly promulgated by the Ministry of Science & Technology, the Ministry of Finance, and the State Administration of Taxation on April 14, 2008, the high and new technology enterprise status of our three subsidiaries is subject to an annual review and may be overturned by the Municipal Science & Technology Commission in the future. The EIT Law is relatively new and implementation practices are still being defined. If tax benefits available to us as high and new technology enterprises in China are reduced or repealed, our net effective tax rate may increase to as high as 25%.

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 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 it is likely that our operations outside the PRC should be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT 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% retroactive to January 1, 2008.

Dividends payable to us by our PRC subsidiaries may be subject to PRC withholding taxes and dividends distributed to our non-PRC investors and gains realized by our non-PRC shareholders from the transfer of our 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 within China or if the received dividends have no connection with such foreign investors’ establishment or place 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 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, 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 PRC resident enterprise, under the EIT Law, 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 shareholders from the transfer of our shares will not be subject to PRC withholding tax. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our non-PRC shareholders or any gains realized by our non-PRC shareholders from transfer of the shares, their investment in our shares may be materially and adversely affected. 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.

We may be subject to a significant withholding tax should equity transfers by our non-China tax resident enterprises be determined to have been done without a reasonable business purpose.

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.

We believe that there was a reasonable business purpose for the merger of COHT with CRIC, which was to realize the business synergy created by the merger to form a real estate information services platform both online and offline with diversified revenue streams, serving both real estate businesses and consumers. The merger of COHT with CRIC was made with the intent to vertically integrate the selling of real estate data and consulting services (B2B) with online advertising (B2C) and to leverage the strength of CRIC's offline resources with our online strengths. Together, COHT and CRIC became a real estate information, consulting and advertising space in China. The simultaneous initial public offering allowed the combined company to raise additional capital to fund its future growth. Due to limited guidance and implementation history of the then new circular, significant judgment was required in the determination of a reasonable business purpose for an equity transfer by our non-China tax resident entity by considering factors, including but not limited to, the form and substance of the arrangement, time of establishment of the foreign entity, relationship between each step of the arrangement, relationship between each component of the arrangement, implementation of the arrangement and the changes in the financial position of all parties involved in the transaction. Although we believe that it is more likely than not the transaction would be determined as one with a reasonable business 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.

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

We are a holding company and do not have any assets or conduct any business operations in China other than our investments in our subsidiaries in China and our VIEs. As a result, if our non-China operations require cash from China, we would depend on dividend payments from our subsidiaries in China after they receive payments from our VIEs in China under various services and other arrangements. We cannot make any assurance that our subsidiaries in China can continue to receive the payments as arranged under our contracts with those VIEs. To the extent that these VIEs have undistributed after-tax net income, we will have to pay tax on behalf of the employees when we try to distribute the dividends from these local entities in the future. Such withholding individual income tax rate is 20%. 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 PRC Enterprise Income Tax Law and its implementation 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 PRC 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 Chinese renminbi into foreign currencies and, if Chinese renminbi 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.

Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert Renminbi (“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 Chinese 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.

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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.

The audit report included in this annual report is prepared by an auditor that is not inspected by the Public Company Accounting Oversight Board (the “PCAOB”), and if investors lose confidence in our reported financial information, our share price may suffer.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the PCAOB and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because our auditors are located in China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor’s audit procedures or quality control procedures as compared to auditors in countries that have received PCAOB inspections. If investors lose confidence in our reported financial information and procedures and the quality of our financial statements, our share price may suffer.

We may be adversely affected by the outcome of the administrative proceedings brought by the SEC against five accounting firms in China.

Proceedings instituted recently by the SEC against five 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 Securities Exchange Act of 1934.

In December 2012, the SEC instituted administrative proceedings against five 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’ work papers related to their audits of certain PRC-based companies that are publicly traded in the United States and which are the subject of certain ongoing SEC investigations. We were not and are not the subject of any SEC investigations nor are we involved in the proceedings brought by the SEC against the accounting firms. If the SEC is successful in the proceedings, it could result in the accounting firms, including our independent registered public accounting firm losing temporarily or permanently, the ability to practice before the SEC. While we cannot predict the outcome of the SEC’s proceedings, if the accounting firms, including our independent registered public accounting firm, were denied, temporarily or permanently, the ability to practice before the SEC, and we are unable to find timely another registered public accounting firm which can audit and issue a report on our financial statements, our financial statements could be determined to not be in compliance with the requirements for financial statements of public companies registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Such a determination could ultimately lead to the delisting of our common stock from the NASDAQ Global Select Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our common stock 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.

A change in accounting pronouncements or taxation rules or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. For example, we adopted accounting guidance on stock-based compensation starting January 1, 2006. This guidance requires us to measure compensation costs for all stock-based compensation at fair value and take compensation charges equal to that value. The method that we use to determine the fair value of share options is based upon, among other things, the volatility of our ordinary shares. The method that we use to determine the fair value of restricted share units is based upon the market price of our ordinary shares on the date of the grant. The price of our ordinary shares has historically been volatile. Therefore, the requirement to measure compensation costs for all stock-based compensation under this guidance could negatively affect our profitability and the trading price of our ordinary shares. This guidance and the impact of expensing on our reported results could also limit our ability to continue to use stock options or other stock-based instruments as an incentive and retention tool, which could, in turn, hurt our ability to recruit employees and retain existing employees. Other new accounting pronouncements or taxation rules, such as accounting guidance on uncertain tax positions, the EIT Law in China which was effective January 1, 2008, and various interpretations of accounting pronouncement or taxation practice have been adopted and may be adopted in the future. These accounting standard and tax regulation changes, future changes and the uncertainties surrounding current practices and implementation procedures may adversely affect our reported financial results or the way we conduct our business.

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 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. 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.

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 the year ended December 31, 2012, the closing sale prices of our ordinary shares on the NASDAQ Global Select Market ranged from \$41.36 to \$77.40 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 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.

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. 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. However, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties, and therefore you may not have legal protections for certain matters in China.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us based on United States or other foreign law.

We conduct our operations in China and a significant portion of our assets is located in China. In addition, some of our directors and executive officers reside within China, and substantially all of the assets of these persons are located within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon those directors or executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Moreover, our PRC counsel has advised us that Chinese courts recognize and enforce judgments of foreign courts based on treaties on recognizing and enforcing each other's judgments or the reciprocal principle with foreign countries. China does not have treaties with the U.S. and some other countries that provide for the reciprocal recognition and enforcement of judgments of courts. As a result, recognition and enforcement in China of judgments of a court in these jurisdictions may be difficult or impossible.

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

Based on the market price of our ordinary shares, the value of our assets, and the composition of our assets and income, we do not believe that we were a passive foreign investment company (a "PFIC") for United States federal income tax purposes for our taxable year ended December 31, 2012. 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 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. Because there are uncertainties in the application of the relevant rules and PFIC status is a fact-intensive determination made on an annual basis, no assurance may be given with respect to our PFIC status for the current or any other taxable year.

If we are characterized as a PFIC for any year, a U.S. Holder (defined below) 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 ordinary shares to the extent such gain or distribution is treated as an "excess distribution" under the United States federal income tax rules. For more information, see "Item 10.E. Additional Information—Taxation—Certain United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

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 a shareholder rights plan pursuant to which our existing shareholders would have the right to purchase ordinary shares from us at half the market price then prevailing 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.

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 Northwest 4th Ring Road, 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 the Company's 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., Fayco Network Technology Development (Shenzhen) Co., Ltd., New Media Information Technology (Chengdu) Co., Ltd., and significant VIEs, including Beijing SINA Internet Information Service Co., Ltd., Guangzhou Media Message Technologies, Inc., Beijing Star-Village Online Cultural Development Co., Ltd., Shenzhen Wang Xing Technology Co., Ltd., Jinzhuo Hengbang Technology (Beijing) Co., Ltd. and Beijing Weimeng Technology Co., Ltd.

From 1999 to 2001, SINA's growth was mainly driven by the online advertising business, which generated the majority of the Company's 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, the Company has experienced growth in recent years, except for 2009, when China was impacted by the global financial crisis.

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The Company has 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.

SINA has made investments in certain Internet sectors that it has chosen to participate through investments rather than organic development as well as in areas that it believes are strategic to extend its online ecosystem. For example, in March 2011, SINA purchased 19% of the issued and outstanding shares of MCOX, an online apparel and accessories company with offline presence. In August 2011, SINA 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. The Company's Tudou shares were converted into shares of the combined company, Youku Tudou Inc. In October 2011, SINA invested \$50.0 million in Yunfeng Funds for the sole purpose of investment in Alibaba Group.

B. Business Overview

Overview

We are an online media company serving China and the global Chinese communities. Our digital media network of SINA.com (portal), SINA.cn (mobile portal) and Weibo.com (social media), enable Internet users to access professional media and user generated content ("UGC") in multi-media formats from the web and mobile devices and share their interests to friends and acquaintances.

SINA.com offers distinct and targeted professional content on each of its region specific websites and a range of complementary offerings. SINA.cn provides information and entertainment content from SINA portal customized for mobile (WAP) users. Based on an open platform architecture to host organically developed and third-party applications, Weibo.com 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.

Through these properties and other product lines and businesses, we offer an array of online media and social networking services to our user to create a rich canvas for businesses and brand advertisers to connect and engage with their targeted audiences. We generate the majority of our revenues from online advertising, MVAS and fee-based services.

Market Opportunities

Our primary focus is on the Chinese market. 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 2012 grew 7.8% year over year to RMB51.9 trillion (\$8.3 trillion) and China is the second largest economy in the World. The same study showed that China's annual disposable income per capita for urban households climbed from RMB13,786 (\$2,184) in 2007 to RMB24,565 (\$3,892) in 2012, representing a compound annual growth rate ("CAGR") of 12%. During the same period, China's retail sales of consumer goods grew from RMB9.3 trillion (\$1.5 trillion) to RMB20.7 trillion (\$3.3 trillion), representing a CAGR of 17%. According to the survey by China Internet Network Information Center ("CNNIC"), the number of Internet users in China grew by 51 million to reach 564 million at the end of 2012. The large user base makes China an attractive market for our company to expand our product offerings and to grow our revenue streams.

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In January 2013, the MII reported that the number of mobile phone users in China increased by 126 million to reach 1.1 billion at the end of 2012. Mobile users with 3G capabilities reached 233 million at the end of 2012, an increase of 104 million from the prior year. In a report issued in December 2012, IDC estimated that China’s smartphone shipments will reach 300 million in 2013 and total smartphone users will reach 500 million by the end of 2013. Many web users in China today do not have 24/7 access to the Internet, as their access is limited to computers at work and Internet cafés. The increasing adoption of smart phones and tablets with 3G and Wi-Fi capabilities in China could further shift media consumption from offline onto the Internet, particular on mobile devices.

Properties and Product Offerings

SINA provides advertising, non-advertising and free services through SINA.com, SINA.cn, Weibo.com, MVAS, other businesses and products. Advertising revenues relate to online advertising revenues mostly derived from SINA.com and Weibo.com. Non-advertising revenues include revenues from MVAS, online games, Weibo value-added services (“VAS”), eReading and other fee-based services and license fees. The following table presents an overview of SINA’s businesses, service offerings and revenue categories:

Properties and Services

<u>SINA.com</u>	<u>SINA.cn</u>	<u>Weibo.com</u>	<u>MVAS</u>	<u>Other Businesses</u>	<u>Other Products</u>
<i>Advertising</i>	<i>Advertising</i>	<i>Advertising and Non-Advertising</i>	<i>Non-Advertising</i>	<i>Non-Advertising</i>	
<ul style="list-style-type: none"> • Sports • Auto • Finance • Entertainment • News • Technology • Digital • eLadies • Luxury • Collectibles • Video 	<ul style="list-style-type: none"> • News • Sports • Finance • Entertainment • Video • Blog 	<ul style="list-style-type: none"> • Microblog • Messenger • Open platform • Weibo Credit • Weibo VAS 	<ul style="list-style-type: none"> • SMS • KJAVA • MMS • IVR • Caller Ring Back Tones (“CRBT”) 	<ul style="list-style-type: none"> • Game Portal • eReading • Enterprise services 	<ul style="list-style-type: none"> • Email • Blog

SINA.com

SINA portal is an online brand advertising property. Our advertising product offerings consist of banner, button, text-link and in-stream video advertisements that appear on pages within the SINA network, channel and promotional sponsorships, and advertising campaign design and management services. Our primary advertising and sponsorship client base for advertising and sponsorships 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.

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

SINA.com offers a variety of free interest-based channels that provide region-focused format and content. The most popular channels include:

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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 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 Entertainment. SINA Entertainment contains extensive coverage of local and international entertainment news and events, including dining, movies, television programs, plays, operas, as well as popular and classical music.

SINA News. SINA News aggregates feeds from news providers, bringing together content from media companies, such as CCTV, China 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 Technology. SINA Technology provides updates on recent activities of high-tech corporations as well as industry trends in China and worldwide.

SINA Digital. SINA Digital offers in-depth reviews of digital products, including mobile phones, desktops, notebook computers, tablets, digital cameras, MP3 players and televisions. Product search and software download services are also provided on this channel.

SINA eLadies. SINA eLadies serves as an interactive platform for fashion-conscious users to share comments and ideas on a range of topics, such as health, cosmetics and beauty. This channel also provides real-time coverage of major world fashion events, bringing users the latest styles and trends.

SINA Luxury. SINA Luxury caters to the increasing demand for luxury goods and high-end services in China. SINA Luxury covers a variety of luxurious topics including dining and wines, fashion and designer products, upscale lifestyles as well as services aimed at high net worth individuals.

SINA Collectibles. Launched in November 2010, SINA Collectibles provides information and updates on antiques and other collectibles such as arts, coins and stamps. It also offers information on investment ideas, exhibitions and auctions and features interviews with antique connoisseurs and famous art critics.

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, including News, Sports, Entertainment, Music, Financial, Life, VIP Chat and Movie Premieres. SINA Video also allows users to upload, publish and manage user generated videos.

SINA.cn

SINA.cn delivers the latest information and entertainment content from SINA portal to mobile users via WAP. Key channels on SINA.cn include news, sports, finance and video. Users may also access SINA blog and eReading from this mobile portal.

Weibo

Launched in August 2009, Weibo is a social media with microblogging and social networking features that enable users to follow celebrities and share UGC online. In addition to keeping up to date with celebrities, Weibo users may also follow commercial enterprises from small and medium businesses to Fortune 1000 companies, as well as media companies, non-profit organizations and government agencies. Weibo.com is developed with an open platform architecture that enables its users to stay connected with his/her social network while accessing internally third-party applications via Weibo Connect.

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Weibo allows users to connect from anywhere, anytime and with anyone on our platform. Designed for easy, frequent interactions and to expedite the spread of information, Weibo may be accessed from Weibo.com, Weibo.cn (WAP) and partner websites, as well as desktop and mobile applications on iPhone, iPad, Android, Blackberry, Windows Phone and Symbian devices.

Key offerings of Weibo.com include the following:

Microblog. Weibo allows users to send feeds in the form of text (up to 140 Chinese characters), photo, video and music to their opted-in followers, interest groups or selected individuals privately. Weibo users may view UGC feeds from their personalized homepage, in interest group settings, via search results and by topical content listings. An interesting feed that is redistributed several times enables the original author to virally reach and influence users beyond the author's first degree of followers, leveraging on the network of the followers of author's followers several degrees away.

Messenger. Users can send private messages in the form of text, voice, picture and emotions. Privacy settings are available to allow users to customize message deliveries and receipts from all users or only selected friends. Messenger can also be accessed from Weibo Chat, a mobile application on Android or iOS devices or via a desktop client downloadable from Weibo.com.

Social networking services. Weibo.com also helps users stay connected, share interests and engage in activities privately with their friends, colleagues and other acquaintances through a variety of social networking offerings that can be accessed on the navigation bar:

Weibo Lists. Weibo Lists allow users to organize their Weibo contacts in order to filter the posts shown in their news feeds and share posts within a specific group of people. For example a user can share a picture of his family only to their close friends on Weibo or read posts from a list of celebrities they define.

Weibo Topics. Weibo Topics allow a user to start a discussion by adding hash tags (#) around a key word in the feed. The key word then becomes searchable. Feeds with popular discussion topics are also accessible from the Hot Topic listing section.

Weibo Album. Weibo Album is a personal photo gallery for users to upload and edit pictures and interact with viewers through commentary postings. Users can limit the view setting for each album to all users, only their followers or selected users by setting a password.

Weibo Music. Weibo Music is a free on-demand music streaming service with licensed, CD-quality songs, music videos, information and updates from large global and domestic music labels. Users can search for songs, customize playlists and share favorite artists, songs or playlists with their followers, interest groups or selected friends.

Weibo Radio. Weibo Radio allows users to tune into radio stations in China and enjoy music, news, sports and talk show programs while engaging in other Weibo or non-Weibo activities. Users can interact with the station's disc jockeys and other listeners through commentary posting on the station's program page.

Weibo Event. Weibo Event allows users to organize and participate in various types of events, such as parties, outings, exhibitions, sports games, shows and movies. Event planners can post the invitations to the event page and send them to their followers, interest groups and selected friends or list them on a city event page. Weibo enterprise accounts can use this feature to organize and announce special events tied to their online promotional campaigns.

Weibo LBS. With Weibo LBS, users can share their locations and check out the points of interests around them. For example, Weibo LBS allows users to locate popular restaurants nearby, see comments made by other users about the restaurants and check out restaurant promotional offers.

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Weibo Questions. Through Weibo Questions, users can conduct online polls to understand current thinking on important and controversial topics or simply for fun. Participants can follow the polling progress and interact through commentary postings.

Weibo Groups. Weibo Groups allow users to connect in communities with similar interests, access to which may be limited by group hosts.

Weibo Enterprise Accounts. Commercial entities such as commercial enterprises, media firms, non-profit organizations and government agencies can build their Weibo presence and engage with the Weibo community via their enterprise accounts. An enterprise account aggregates the basic functions of a Weibo user account with enterprise-specific features, such as brand displays on the profile page, an interactive map page with the account owner's location and contact information and a customer bulletin board where the account owner can manage customer inquiries and complaints. Enterprise accounts are often used commercially to build brand awareness, generate product interest and build sales leads, as well as manage customer relationships.

Weibo advertising solution consists of display inventory on user pages linked to advertisers' enterprise accounts. By attaching a landing page (enterprise account) to an advertiser's Weibo advertisement, users may follow and receive future promotional feeds from the advertiser. Weibo advertisers may display their product offerings on their enterprise accounts and such offerings may be forwarded in feeds as recommendations by visiting users to their followers. In such manner, Weibo advertising become social by allowing an advertisement to reach beyond the first degree of touch on the user page and perhaps many degrees thereafter through user recommendation retweets, which can bring other users back to the advertiser's enterprise accounts.

Open Platform. Weibo offers an open application programming interface (API) platform that allows its users to access a rich collection of internally and third-party developed applications. To support the open platform environment, SINA offers a cloud computing service that allows third-party application developers to develop and host applications utilizing SINA's infrastructure and bandwidth, known as SINA Application Engine (SAE).

Below are examples of Weibo applications, which can be accessed from Weibo.com or Weibo mobile clients:

Weibo Games. Weibo open platform offers third-party and, to a lesser degree, internally developed web games, including role playing, card games, strategy games and real life simulations. Weibo games allow players to interact while playing and send feeds about their playing to their followers. Weibo games are offered for free and some games allow users to purchase virtual currencies (Weibo Credit) to redeem in-game items. SINA receives revenues from such purchases through revenue-share arrangements with Weibo game application developers.

Weibo Charity. As an online interactive platform for charity and public services, Weibo Charity allows charity organizations to launch fundraising projects and recruit volunteers for public service campaigns, which can be shared through Weibo feeds. Individuals are also able to seek help by creating projects through Weibo Charity. After being verified, these projects will be open to all the Weibo users to make donations, offer support by sharing with followers or sign up as volunteers. The viral effect of the Weibo networks allows a campaign to raise awareness from a wider audience beyond the first degree of touch of any specific charity organization.

SINA Shiye (view). SINA Shiye is an internally developed social reading platform that delivers magazine-quality reading experience to users on multiple platforms, including PC, smartphones and other mobile devices. It aggregates content from various media partners including traditional media firms, websites and social media properties such as Weibo and blogs. The product leverages users' social relationships on Weibo to create a unique social reading experience. For example users can share interesting articles and subscriptions to their Weibo followers.

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Tianqitong (weather master). With this internally developed application, users can check for weather information ‘on the go’ with their smartphones and other mobile devices. Key weather indexes, including temperature, humidity, wind speed, and air particle (PM2.5) standard are updated every 30 minutes for over 3,000 cities in China and worldwide. The application also supports audio based weather forecast, weather alerts and temperature curves for the upcoming several days. Key weather information can be shared through Weibo or SMS.

Qing (light blog). Qing is a blogging service that allows users to maintain a personal page of diaries, editorials, and other essays as well as picture portfolios. Users can send feeds of their postings to their Weibo followers to direct traffic back to their Qing website.

Weibo Disk. This application allows Weibo users to upload and manage their files in a secure environment. Initial two gigabytes of storage space is free; additional storage space may be earned from promotional activities. Users can share documents stored on Weibo Disk by providing document address link or through a Weibo feed.

Weibo Credit. Weibo Credit is an online virtual currency offered to users to purchase in-game virtual goods or other types of fee-based services on Weibo.com, such as Weibo VIP memberships. Revenues from these purchases are recorded as Weibo VAS revenues under non-advertising revenues. Users can purchase Weibo Credit with debit and credit cards, Alipay or mobile phone payments.

MVAS

SINA’s MVAS allows users to receive news and information, download ring tones, mobile games and pictures, 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.

SINA provides its MVAS mainly through the following product lines:

SMS. As many mobile phones are able to display and send text in Chinese, SINA developed a suite of short messaging services that includes user-customized information subscription, personal greetings, customized mobile phone screen decoration, personalized ring tones and mobile games.

KJAVA. KJAVA includes a full range of services, including mobile games, animation and videos, portable tools and news updates, offered on China Mobile’s K-Java mobile platform.

MMS. Using general packet radio service (“GPRS”) technology, MMS enables users to download color pictures and sophisticated ring tones, as well as transmit more data per message.

IVR. Interactive Voice Response (“IVR”) refers to voice-activated information retrieval services. Users can obtain information via their mobile phones by dialing a list of fixed numbers and following a set of pre-recorded instructions. Sample services include weather forecasting and data searching. IVR offers applications in the areas of interactive games and professional products.

CRBT. Caller Ring Back Tones services gives mobile phone users the option to customize their ring back tone, the ring tone heard by callers, based on popular songs and special sound effects.

WAP. WAP services use GPRS technology to provide users with news and other topical information, multimedia downloads, dating and community services and mobile search services.

Other Businesses

Game Portal. 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.

Enterprise services. SINA offers enterprise services to assist small businesses and government organizations to more effectively engage, communicate and transact with their target audiences via the Internet.

Other Products

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.

Strategic Relationships

SINA has developed strategic relationships with a range of content, service, application and distribution partners in order to serve users more effectively and to extend its brand and services to a broader audience.

Content Partnerships. The goal of SINA's content partnerships is to provide its users with an extensive offering of Chinese-language content. SINA contracts with content partners to display their content on one or more of its 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 SINA's leading content providers include the International Olympic Committee, NBA, English Premier League, UEFA Champions League, La Liga, Chinese Football Association Super League, China Open, National Football League, PGA Tour, Women's Tennis Association, CCTV, JSTV, BTV, Xinhua News Agency, People's Daily Online, China News, AFP, Associated Press, Reuters, Getty Images, China Daily, Nanfang Daily Group, Beijing News, Nasdaq OMX, Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange. For its mobile content, SINA has established content partnerships with certain international record companies to provide image and music downloads.

Application and Service Partnerships. The goal of SINA's application and service partnerships is to ensure that its users have access to user-friendly, reliable and scalable communication and search tools. Because many of SINA's prospective partners have traditionally focused on non-Chinese speaking markets, SINA's internal engineering and development teams often work closely with them to localize their solutions for the Chinese-language market.

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. The Company's 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 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.

The Company believes 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, the Company has 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 the Company's 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 Chinese New Year holidays, and the fourth calendar quarter has been the best. 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.

Competition

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 various content and services targeting this community that compete with our offerings.

See “Item 3. Key Information — D. Risk Factors — The markets for Internet and MVAS 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 — We may not be able to adequately protect our intellectual property, 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.”

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 MII and the SARFT, 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”), the GAPP, the Ministry of Education (“MOE”), the MOC, the Ministry of Health (“MOH”), and the Ministry of Public Security.

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Among all the regulations, the Telecommunications Regulations of the People's Republic of China, or the Telecom Regulations, promulgated on September 25, 2000, is the primary governing law. The Telecom Regulations set out the general framework under which domestic Chinese companies such as SINA's 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. The "Catalogue of Telecommunications Business", an attachment to the Telecom Regulations and updated by MII's Notice on Adjusting the Catalogue of Telecommunications Business of April 1, 2003, categorizes various types of telecommunications and telecommunications-related activities into basic or value-added services.

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, education, medicine, health, pharmaceuticals and medical equipment, which are regulated by MOC, MOE, MOH 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.

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 MIIT Notice or cure such non-compliance, the MIIT or its local counterparts have the discretion to take measures against such license holders, including revoking their value-added telecommunications business operating licenses. As to the companies which have obtained the operating licenses for value-added telecom services, they are required to conduct self-examination and self-correction according to these requirements and report the result of such self-examination and self-correction to the MII.

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Accordingly, the ICP Company submitted the self-correction scheme to the MII on November 17, 2006. Under the self-correction scheme, (i) the domain name “www.sina.com.cn” mainly used by the ICP Company should be transferred from BSIT to the ICP Company, and (ii) the trademark “SINA” (“新浪”) 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 MII 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 MII 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 Telecommunication and Information Services Operating License, which was issued on October 29, 2010 by the MII authorizing the ICP Company to operate bulletin board system or BBS. The license is valid through December 4, 2015 and is subject to annual inspection.

Beijing Star-Village Online Cultural Development Co., Ltd. (“StarVI”) currently holds a Telecommunication and Information Services Operating License, which was issued on October 29, 2010 by the MII 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 December 4, 2015 and is subject to annual inspection.

Shenzhen Wang Xing Technology Co., Ltd. (“Wangxing”) currently holds a Value-Added Telecommunication Services Operating License, which was issued in November 2011 by the MII 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 September 16, 2014 and is subject to annual inspection.

Beijing Weimeng Technology Co., Ltd (“Weimeng”) currently holds a Telecommunication and Information Services Operating License, which was issued on August 10, 2010 by Beijing branch of the MII 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 August 10, 2015 and is subject to annual inspection.

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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.

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.

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. The ICP Company passed the inspection in 2012.

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.

On March 31, 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.

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On March 17, 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.

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 currently holds a License for Online Transmission of Audio-visual Programs issued by the SARFT valid through April 28, 2015.

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. Under the Radio and TV Programs Regulations, any entities engaged in the production of radio and television programs are required to apply for a license from the SARFT or its provincial branches.

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 October 13, 2013 and is subject to annual inspection.

MVAS

On March 1, 2009, the MII promulgated the Administrative Measures for the Licensing of Telecommunication Business Operations, which superseded the relevant measures published by the MII 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 issued on July 7, 2009 by the MII 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 July 7, 2014 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 April 9, 2018 and subject to annual inspection.

Guangzhou Media Message Technologies, Inc. (“Xunlong”) currently holds a Value-Added Telecommunication Services Operating License issued on December 9, 2010 by the MII authorizing Xunlong to provide nationwide information services (excluding fixed line phone call information services and Internet information services). The license is valid through September 16, 2014 and is subject to annual inspection.

StarVI currently holds a Value-Added Telecommunications Services Operating License issued on September 16, 2009 by the MII authorizing StarVI to provide nationwide information services (excluding fixed line phone call information services and Internet information services). The license is valid through September 16, 2014 and is subject to annual inspection.

Wangxing currently holds a Value-Added Telecommunication Services Operating License issued on November 11, 2011 by the MII 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 September 16, 2014 and is subject to annual inspection.

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Beijing Western-net Network Technology Co., Ltd. (“Western-net”) currently holds a Value-Added Telecommunication Services Operating License issued on March 1, 2010 by MII, 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, Beijing Western-net Network Technology Co., Ltd. has been approved to provide MVAS in Beijing. The license is valid through March 1, 2015 and is subject to annual inspection.

Short Messaging Services

On April 29, 2004, the MII issued the Notice on Certain Issues Regarding the Regulation of Short Messaging Services, or the SMS Notice. The SMS Notice confirms that all mobile communication companies shall provide SMS in cooperation with information service providers who have obtained relevant operating license for SMS. In addition, all mobile communication companies and information service providers shall highlight the fee standards, payment methods and ways of withdrawal in their advertisements for SMS services. For services based on monthly payment and subscription services, providers shall confirm with the users in advance. Without such confirmation, it should be assumed that the user has withdrawn such requirement for services. The mobile communication companies and information service providers shall strictly comply with the service items as agreed upon with the users. The information service providers shall examine the content of short messages, and no short message may contain content forbidden by law.

Internet Publishing

On June 27, 2002, 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.

According to the Internet Publishing Rules, 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 currently holds an Internet Publication License issued by GAPP on December 21, 2010, which is valid through December 31, 2014.

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 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.

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.

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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 MII 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.

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

On January 15, 2011, the MOC, the MIIT and six other central government authorities jointly issued a circular entitled Implementation of Online Game Monitoring System of the Guardians of Minors, aiming to provide specific protection measures to monitor the online game activities of minors and curb addictive online game play behaviors of minors. Under the circular, online game operators are required to adopt various measures to maintain a system to communicate with the parents or other guardians of minors playing online games and online game operators are required to monitor the online game activities of minors, and must suspend the account of a minor if so requested by the minor’s parents or guardians. The monitoring system was formally implemented on March 1, 2011.

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Beijing New Media Information Technology Co., Ltd. and Beijing SINA Internet Information Service Co., Ltd. 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 Internet Publication License issued by GAPP in December 2010, which is valid through December 31, 2014, and 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, 2014. We have adopted our own anti-fatigue and real name registration systems since December 2007.

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 on-line 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 June 3, 2014.

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. The certificate is valid through December 6, 2014.

Online Cultural Products

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

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

The ICP Company currently holds an Online Culture Operating Permit issued by MOC in July 2011 and StarVI currently holds an Online Culture Operating Permit issued by MOC in January 2011, both permits are valid through December 31, 2014. Wangxing currently holds an Online Culture Operating Permit issued by MOC in March 2011 which is valid through March 30, 2014. Xunlong currently holds an Online Culture Operating Permit issued by MOC in March 2011 which is valid through March 7, 2014. Weimeng currently holds an Online Culture Operating Permit issued by MOC in July 2011 which is valid through July 25, 2014.

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Online Advertising

Regulations governing online advertising include:

- Advertisement Law of the People's Republic of China promulgated by the PRC State Congress on October 27, 1994 and effective on February 1, 1995;
- Administrative Regulations for Advertising promulgated by the State Council on October 26, 1987 and effective on December 1, 1987;
- Implementation Rules for the Administrative Regulations for Advertising promulgated by the State Council on January 9, 1988 and amended on December 3, 1998, December 1, 2000 and November 30, 2004; and
- Provisions on the Administration of Foreign-funded Advertising Enterprises promulgated by SAIC and MOFCOM on March 2, 2004 and amended on August 22, 2008.

According to the above regulations, an enterprise engaging in advertising business as specified in its business scope does not need to apply for an Advertising Operation License, provided that such enterprise is not a radio station, television station, newspaper or magazine publisher or any other entity as specified in laws or administrative regulations. As to placing advertisements on the Internet, such enterprise shall apply for a business scope of placing online advertisements on particular websites and does not need to apply for the Advertising Operation License.

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 entity include Beijing SINA Advertising Co., Ltd., Shanghai SINA Advertising Co., Ltd., Fujian SINA Information Services Co., Ltd, Henan Bolang Information Services 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".

International Connections for Computer Information Networks

Regulations governing international connections for PRC computer networks include:

- Measures for the Administration of International Connections to China's Public Computer Interconnected Networks (1996);
- Provisional Regulations of the People's Republic of China for the Administration of International Connections to Computer Information Networks (1997) and their Implementing Measures (1998);
- Reply Concerning the Verification and Issuance of Operating Permits for Business Relating to International Connections for Computer Information Networks and for Public Multimedia Telecommunications Business (1998); and
- Administrative Measures for International Communications Gateways Accesses (2002).

According to the above regulations, any entity wishing to access international network connections for its computer information networks in the PRC must comply with the following requirements:

- be a PRC legal person;
- have the appropriate equipment, facilities and technical and administrative personnel;

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- have implemented and registered a system of information security and censorship; and
- effect all international connections through an international communications gateway established with the approval of the MII.

The companies described in “C. Organizational Structure” below are in proper compliance with these requirements.

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 Administrative Rules of Surveying Qualification Certificate and the amended Standard for Internet Map Services issued by the National Administration of Surveying, Mapping and Geoinformation, or NASMG in March 2009, and May 2010, 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. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification issued by the NASMG in December 2011, any entity that has not yet applied for a surveying qualification certificate for Internet mapping services is prohibited from providing any Internet mapping services. The ICP Company has obtained a surveying and mapping qualification certificate on July 27, 2010.

Information Security and Censorship

Laws and regulations governing information security and censorship include:

- The Law of the People’s Republic of China on the Preservation of State Secrets (1988) which was amended on April 30, 2010 and the amendment became effective from October 1, 2010;
- The Law of the People’s Republic of China Regarding State Security (1993) and its Implementing Rules (1994);
- Rules of the People’s Republic of China for Protecting the Security of Computer Information Systems (1994);
- Notice Concerning Work Relating to the Filing of Computer Information Systems with International Connections (1996);
- Administrative Regulations for the Protection of Secrecy on Computer Information Systems Connected to International Networks (1997);
- Regulations for the Protection of State Secrets for Computer Information Systems on the Internet (2000);
- Notice issued by the Ministry of Public Security of the People’s Republic of China Regarding Issues Relating to the Implementation of the Administrative Measure for the Security Protection of International Connections to Computer Information Networks (2000);
- Decision of the Standing Committee of the National People’s Congress Regarding the Safeguarding of Internet Security (2000);
- Measures for the Administration of Commercial Website Filings for the Record (2002) their Implementing Rules (2002);
- Measures for the Administration of IP Address Archiving (2005);
- Provision on Technical Measures for Internet Security Protection (2005);
- Administrative Measures for the Graded Protection of Information Security (2007); and
- Several Provisions on Regulating the Market Order of Internet Information Services (2012).

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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 MII 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, 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.

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.

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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 “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” in the Risk Factors section.

Online Education

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

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

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 MIIT 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.

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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. 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
- 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.

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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.

On October 21, 2005, SAFE issued the Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies, or Circular No. 75, which went into effect on November 1, 2005. Circular No. 75 provides that if PRC residents use assets or equity interests in their PRC entities to establish offshore companies or inject assets or equity interests of their PRC entities into offshore companies for the purpose of overseas capital financing, they must register with local SAFE branches with respect to their investments in offshore companies. Circular No. 75 also requires PRC residents to file changes to their registration if their special purpose companies undergo material events, such as capital increase or decrease, share transfer or exchange, merger or division, long-term equity or debt investments, or provision of guaranty to a foreign party. Since May 2007, SAFE has issued a series of guidance to its local branches with respect to the operational process with regard to Circular No. 75, including without limitation the Notice of SAFE on Printing and Distributing the Implementing Rules for the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or Circular No. 19, which came into effect as of July 1, 2011.

On August 29, 2008, the Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises, or Circular 142, was promulgated by SAFE. Pursuant to Circular 142, the foreign currency capital of FIEs, after being converted to RMB, can only be used for doing business within the business scope approved by relevant governmental authorities, and shall not be used for domestic equity investment except as otherwise explicitly provided by laws and regulations. In addition, FIEs may not change how they use such capital without SAFE's approval, and may not in any case use such capital to repay RMB loans if they have not used the proceeds of such loans.

On November 19, 2010 SAFE promulgated a circular, or Circular 59 which requires the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents. Circular 142 and Circular 59 may significantly limit our ability to transfer the net proceeds from this offering to our PRC subsidiaries and convert the net proceeds into RMB, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

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 IT Law, the enterprise income tax rate for both domestic companies and FIEs is unified at 25%. On December 26, 2007, the State Council promulgated the Circular on Implementation of Enterprise Tax Transition Preferential Policy, or the Preferential Policy Circular. The EIT Law, its Implementing Rules and the Preferential Policy Circular provide a five-year transitional period for certain entities that had enjoyed a favorable income tax rate of less than 25% under the Previous IT Law and were established before March 16, 2007, during which period the applicable enterprises income tax rate shall gradually increase to 25%.

On April 14, 2008, the Administration Measures for Recognition of High and New Technology Enterprises, or the Recognition Measures, were jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance, and the State Administration of Taxation, which sets out the standards and process for granting the high and new technology enterprises status. According to the EIT Law and its Implementing Rules as well as the Recognition Measures, enterprises which have been granted the high and new technology enterprises status shall enjoy a favorable income tax rate of 15%. As of December 31, 2012, five of our subsidiaries have obtained the Certificate for High and New Technology Enterprises, evidencing their high and new technology enterprises status. Therefore, these companies are entitled to enjoy 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, 2012, six of our subsidiaries in China were qualified as software enterprises under the EIT Law.

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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, the Company does 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 the Company be treated as a resident enterprise for PRC tax purposes, the Company 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 IT Law. The Cayman Islands, where the 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.

In addition to the above, after the EIT Law and its Implementing Rules were promulgated, the State Administration of Taxation released several regulations to stipulate more details for carrying out the EIT Law and its Implementing Rules. These regulations include:

- Notice of the State Administration of Taxation on the Issues Concerning the Administration of Enterprise Income Tax Deduction and Exemption (2008);
- Notice of the State Administration of Taxation on Strengthening the Withholding of Enterprise Income Tax on Non-resident Enterprises' Interest Income Sourcing from China (2008);
- Notice of the State Administration of Taxation on Several Issues Concerning the Recognition of Incomes Subject to the Enterprise Income Tax (2008);
- Opinion of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax (2008);
- Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (2008);
- Interim Measures for the Administration of Collection of Enterprise Income Tax on the Basis of Consolidation of Trans-regional Business Operations (2008);
- Several Issues Concerning the Enterprise Income Tax Treatment on Enterprise Reorganization (2009);
- Circular of the State Council on Printing and Distributing Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (2011); and
- Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry (2012).

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. Our MVAS revenue is not within the scope of the pilot plan and is still subject to the business tax of 3%.

Labor and Work Safety

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.

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, which amendment will come 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.

The laws and regulations governing the labor relations and work safety also include:

- the Work Safety Law of the PRC (2002);
- the Regulation on Occupational Injury Insurance (2004);
- the Interim Measures Concerning the Maternity Insurance (1995);
- the Interim Regulations on the Collection and Payment of Social Insurance Premiums (1999) and its interim measures (1999);
- the PRC Social Insurance Law (2011); and
- the Regulation on the Administration of Housing Fund (2002).

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.

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For a description of how uncertainties in Chinese regulations may affect our business, please see “Item 3. Key Information — D. Risk Factors — Even if we are in compliance with PRC governmental regulations relating to licensing and foreign investment prohibitions, the PRC 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. Below are the significant wholly owned subsidiaries held by SINA:

Subsidiary	Jurisdiction of Organization	Ownership
Beijing New Media Information Technology Co., Ltd.	People’s Republic of China	100%
SINA.com Technology (China) Co., Ltd.	People’s Republic of China	100%
SINA Technology (China) Co., Ltd.	People’s Republic of China	100%
SINA (Shanghai) Management Co., Ltd.	People’s Republic of China	100%
Beijing SINA Advertising Co., Ltd.	People’s Republic of China	100%
Shanghai SINA Advertising Co., Ltd.	People’s Republic of China	100%
Fayco Network Technology Development (Shenzhen) Co., Ltd.	People’s Republic of China	100%
Weibo Internet Technology (China) Co., Ltd.	People’s Republic of China	100%
Weibo Corporation (formerly known as T.CN Corporation)	Cayman Island	100%
SINA.com Online	United States of America	100%
Rich Sight Investment Limited	Hong Kong	100%
SINA Hong Kong Limited	Hong Kong	100%
Weibo Hong Kong Limited (formerly known as T.CN Hong Kong Limited)	Hong Kong	100%

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 the following significant domestic VIEs:

- The ICP Company is a Chinese company controlled by us through a series of contractual arrangements and is responsible for operating www.sina.com.cn in connection with its Internet content company license, selling the advertisements to advertisers and providing MVAS with its Value-Added Telecommunication Services Operating License in China via third-party operators to the users. It is owned by Mr. Yan Wang, one of our directors, Mr. Tong Chen and Ms. Hong Du, both are our executive officers, and other two of our non-executive PRC employees. Mr. Wang, Mr. Chen and Ms. Du own approximately 0.2%, 22.8% and 27.1% of the equity interest in the ICP Company. The registered capital of the ICP Company is \$19.0 million.
- Xunlong is a Chinese company controlled by us through a series of contractual arrangements and is responsible for providing MVAS in China via third-party operators to users under its Value-Added Telecommunication Services Operating License. It is owned by two of our non-executive PRC employees. The registered capital of Xunlong is \$1.2 million.
- StarVI is a Chinese company controlled by us through a series of contractual arrangements and is responsible for providing MVAS in China via third-party operators to users under its Value-Added Telecommunication Services Operating License. It is owned by three of our non-executive PRC employees. The registered capital of StarVI is \$1.2 million.

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- Wangxing is a Chinese company controlled by us through a series of contractual arrangements and is responsible for providing MVAS in China via third-party operators to users under its Value-Added Telecommunication Services Operating License. It is owned by two of our non-executive PRC employees. The registered capital of Wangxing is \$1.2 million.
- Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd. the “IAD Company”), a Chinese company controlled by us through a series of contractual arrangements, is an advertising agency. It is owned by two of our non-executive PRC employees. This entity has an approved business scope including design, production, agency and issuance of advertisements. The registered capital of the IAD Company is \$7.3 million.
- Weimeng, a Chinese company controlled by us through a series of contractual arrangements, is responsible for operating www.weibo.com and www.weibo.cn in connection with its ICP license and Value-Added Telecommunication Services Operating License. It is owned by three of our non-executive PRC employees. The registered capital of Weimeng is \$1.5 million.

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, 2012, the total amount of interest-free loans to the employee shareholders of the VIEs listed above and the other inactive VIEs was \$34.2 million. Under various contractual agreements, employee shareholders of the VIEs are required to transfer their ownership in these entities to our subsidiaries in China when permitted by PRC laws and regulations or to our designees at any time for the amount of outstanding loans, and all voting rights of the VIEs are assigned to our wholly owned subsidiaries in China. Our subsidiaries in China have the power to appoint all directors and senior management personnel of the VIEs. Through our subsidiaries in China, we have also entered into exclusive technical agreements and other service agreements with the VIEs, under which these subsidiaries provide technical services and other services to the VIEs in exchange for substantially all of the economic benefits of the VIEs. In addition, our employee shareholders of the VIEs have pledged their shares in the VIEs as collateral for non-payment of loans or for fees on technical and other services due to us.

The following is a summary of the VIE agreements:

Loan Agreements. One of our wholly owned subsidiaries, Sina.com Technology (China) Co., Ltd, or STC, or Weibo Internet Technology (China) Co., Ltd., or WITC, 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 term of the loans is 10 years and STC, or WITC in the case of Weimeng, has the right to, at its own discretion, shorten or extend the term of the loans if necessary. These loans are eliminated with the capital of the VIEs during consolidation.

Share Transfer Agreements. Each shareholder of the VIEs has granted STC, or WITC 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 WITC 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 WITC in the case of Weimeng, have fully performed their obligations under this agreement, and (ii) the respective shareholders of the VIEs and STC, or WITC 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 WITC in the case of Weimeng, have agreed that the interest-free loans under the loan agreements shall only be repaid through share transfer. Once the share transfers are completed, the purchase price for the share transfer will be 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 WITC 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 WITC 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 WITC 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.

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 WITC in the case of Weimeng, as a collateral security for his/her obligations to pay off all debts to STC, or WITC 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 WITC 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 WITC 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, and (iii) STC or WITC in the case of Weimeng, unilaterally consents 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 WITC in the case of Weimeng, pursuant to which STC, or WITC 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:

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., or NMIT, our wholly owned subsidiary, was appointed by STC to perform technical services for Xunlong. Xunlong is obligated to pay service fees based on the hourly rate of NMIT's engineers.

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.

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. ICP Company is obligated to pay service fees to STC based on the hourly rate of STC's engineers.

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. As foreign-invested entities have been permitted to engage directly in advertising businesses starting from October 2008 pursuant to changes in applicable PRC laws, SINA established two wholly owned subsidiaries to engage directly in advertising businesses, including online advertising and other related businesses. As a result, SINA has gradually reduced its reliance on IAD Company.

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 WITC to provide technical services for its online advertising, MVAS and other related businesses.

These exclusive technical services agreements will not expire until the respective VIEs dissolve, with the services fee being adjusted annually through written agreements.

Exclusive Sales Agency Agreements. Each of the VIEs has granted STC, or WITC in 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 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). We have not yet utilized the Exclusive Sales Agency Agreements nor do we expect to do so in the foreseeable future.

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Trademark License Agreements. STC, or WITC in case of Weimeng, has granted each of the VIEs trademark licenses to use the trademarks held by STC, or WITC in case of Weimeng, in specific areas, and each of the licensed VIEs is obligated to pay license fees to STC, or WITC in case of Weimeng. The term of these agreements is one year and is automatically renewed provided there is no objection from STC, or WITC in case of Weimeng. We have entered into the Trademark License Agreements to provide other potential revenue-generating channels from the VIEs. We have not yet generated revenue from the Trademark License Agreements nor do we expect to do so in the foreseeable future.

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, Shanghai, Guangzhou and Shenzhen. Our principal sales, marketing and development facilities are located on premises comprising approximately 39,610 square meters in Beijing, China. We also have sales and marketing operations at satellite offices in certain provinces of China. We lease office facilities under non-cancelable operating leases with various expiration dates through 2017. 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. The first two installments of approximately \$21.2 million were paid in 2012, and the remaining approximately \$14.1 million was paid in January 2013.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

This 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.

Overview

We are an online media company serving China and the global Chinese communities. Our digital media network of SINA.com (portal), SINA.cn (mobile portal) and Weibo.com (social media) enable Internet users to access professional media and user generated content ("UGC") in multi-media formats from the web and mobile devices and share their interests to friends and acquaintances. SINA.com offers distinct and targeted professional content on each of its region-specific websites and a range of complementary offerings. SINA.cn provides information and entertainment content from our portal customized for mobile (WAP) users. 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.

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Through these properties and other product lines and businesses, we offer an array of online media and social networking services to our users to create a rich canvas for businesses and brand advertisers to connect and engage with their targeted audiences. We generate the majority of our revenues from online advertising, MVAS and 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 2012, our online advertising business was impacted by the budget limitations of certain large brand advertisers. Nevertheless, the launch of Weibo advertising solutions in the second quarter as well as the coverage of the London 2012 Olympics in the third quarter helped increase the demand for our online advertising in 2012. 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 business also depends on our ability to react to risks and challenges, including:

- the maintenance and enhancement of our brands in a cost-effective manner;
- our ability to compete with other Internet properties, including microblogging services and social networking services, video sites and category-specific vertical sites, and achieve brand influence and market share;
- development and retention of a large base of users possessing demographic characteristics attractive to advertisers;
- our ability to increase our advertising space at a sufficient rate.
- expansion of our content portfolio, product offerings and network bandwidth in a cost-effective manner;
- increased competition and upward pressure on content acquisition costs and limitations on web page space;
- increased competition and potential downward pressure on online advertising prices; and
- any change in government policy that would curtail or restrict our online advertising services or content offerings.

Our MVAS revenues have been declining in recent years due to continuous changes in operator policies and fierce market competition. We expect this trend to continue in the near future, particularly as mobile users in China upgrade from feature phones to smartphones and the increased adoption of wi-fi connections and 3G/4G networks. Although we believe it is strategically important to stay in the MVAS business, we are shifting our resources away from MVAS to fee-based revenues, such as Weibo VAS, to address the changing demands in China.

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Despite our revenue growth in the last two years, our operating margin, excluding the goodwill impairment in 2011, has been declining. We have made significant investments in the development of our social media Weibo and other initiatives, such as expanding our online video offerings, growing online 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, 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.

In October 2009, prior to CRIC's listing on the NASDAQ, we spun off our online real estate advertising business into our majority-owned subsidiary COHT and merged it with CRIC to form an online and offline real estate information and consulting platform in China. As a result of the spin-off, we stopped consolidating the financial results of COHT on October 1, 2009, and began to account for our interest in CRIC, one quarter in arrears, using the equity method of accounting. On April 20, 2012, upon the completion of CRIC's merger into E-House, our ordinary shares in CRIC were converted into E-House's ordinary shares, and we began to record our share of E-House's results one quarter in arrears also using the equity method of accounting.

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 intangible assets and goodwill, equity investments, revenues, customer programs and incentives, allowance for doubtful accounts, advertising expenses, stock-based compensation, income taxes, foreign currency, contingencies and litigation. 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. For further information on our critical accounting policies, see the discussion in the section titled "Recent Accounting Pronouncements" below and Note 2 to the consolidated financial statements.

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

Goodwill and other long-lived assets

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 test goodwill for impairment at the reporting unit level on an annual basis as of December 31, and between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In September 2011, the Financial Accounting Standards Board ("FASB") issued revised guidance on "Testing of Goodwill for Impairment," which 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 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, the Company adopted the option to apply the qualitative approach to assess its goodwill on the advertising business. 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. See Note 4 to the consolidated financial statements for additional information on goodwill.

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Other 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.

Equity investments

Equity 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 equity investments in shares that are not common stock or in-substance common stock 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 account for our investment in CRIC/E-House using the equity method of accounting. Following the acquisition date, we record our share of the results of CRIC one quarter in arrears within earnings from equity investments. CRIC completed the privatization transaction, merged into and became a 100% subsidiary of E-House on April 20, 2012. Ordinary shares of CRIC held by us were converted to ordinary shares of E-House upon the completion of the transaction. Following the share conversion, we have recorded our share of results of E-House one quarter in arrears with earnings from equity investments. See Note 3 for further discussion related to equity investment in CRIC/E-house.

E-House's stock price closed at \$4.10 on the last trading day of 2012, which was below the carrying cost of \$183.8 million of our investment. We concluded that no other-than-temporary impairment was necessary for its investment in E-House as of December 31, 2012. This determination required significantly judgment. In making such judgment, we considered, among other factors, the recent development in China's real estate market, the operating performance of E-House, the excess amount of carrying value of investment in E-House over proportionate share of E-House's shareholders' equity, subsequent stock prices, and the volatility of the stock price. If E-House's operation had been deteriorated or the stock price had decreased more significantly, an other-than-temporary impairment may be required for the investment in E-House.

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 (loss).

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 (loss). See Note 3 to the consolidated financial statements for further discussion.

Revenue recognition

Advertising

Our advertising revenues are derived principally from online advertising and, to a lesser extent, sponsorship arrangements. Online advertising arrangements allow advertisers to place advertisements on particular areas of our websites, in particular formats and over particular periods of time. Sponsorship arrangements allow advertisers to sponsor a particular area on our websites in exchange for a fixed payment over the contract period. While the majority of our revenue transactions contain standard business terms and conditions, there are certain transactions that contain non-standard business terms and conditions. In addition, we have certain sales transactions that involve multiple element arrangements (arrangements with more than one deliverable) that may include placement on specific properties. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting for these transactions including: (1) how the consideration of an arrangement should be allocated among potential multiple elements; (2) when to recognize revenue on the deliverables; and (3) whether all elements of the arrangement have been delivered. Changes in judgments on these assumptions and estimates could materially impact the timing or amount of revenue recognition.

MVAS

We mainly rely on third-party operators for billing, collection and transmission of our MVAS to our users. We also rely on other service providers to provide content and to distribute MVAS or other services for us. 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. The determination of whether we are the primary obligor for a particular type of service is subjective in nature and is based on an evaluation of the terms of the arrangement. If the terms of the arrangement with operators were to change and cause the gross indicators not being met, we would have to record our MVAS revenues on a net basis. In 2012, approximately 89% of our MVAS revenues were recorded on a gross basis. Consequently, recording MVAS revenues on a net basis would cause a significant decline in our total net revenues, but should not impact our gross profit.

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 records of billings 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 revenue is determined at the lower of the latest confirmation rate available and the average of six months of 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. If subsequent billing statements from the operators differ significantly from management's estimates, our revenues could be materially impacted.

Changes in judgments on assumptions and estimates stated above for MVAS revenues could materially impact the timing and/or amount of revenue recognition.

Game-related fee-based revenues

The online game related revenues are generated from selling virtual currency, which will later be converted by the game players into in-game credits (game tokens) that can be used to purchase virtual items in web games. We collect payments from the game players in connection with the sale of virtual currency and 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 web game 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 web developers. Accordingly, we record online game revenues net of predetermined revenue sharing with the game developers.

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 within a short period of time after the purchase of in-game credits.

Web game revenue recognition involves certain management judgments, such as the determination of who is the principal in providing web game services and estimating the consumption date of in-game credits. We assess the estimated consumption period periodically, taking into consideration of the estimated user relationship on a game by game basis. Using different assumptions for calculating the revenue recognition of web games 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 end-user behavior pattern.

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In addition to the above, our revenue recognition policy requires an assessment as to whether collection is reasonably assured, which requires us to evaluate the creditworthiness of our customers.

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 income were \$3.9 million, \$2.5 million and \$1.2 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Advertising expense

Advertising expenses consist primarily of costs for promotion of corporate image, product marketing and direct marketing. We expense all advertising costs as incurred and classify these costs under sales and marketing expense. The nature of our direct marketing activities is such that they are intended to acquire subscribers for subscription-based and usage-based MVAS. We expense all such direct marketing expenses.

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 subsidiaries, 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, the replacement cost method, or a weighted blend of these approaches if more than one is applicable. Determination of estimated fair value of our subsidiaries 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. 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.

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.

We recognize the estimated compensation cost of performance-based restricted share units based on the fair value of our ordinary shares on the date of the grant. The rewards are earned upon attainment of identified performance goals. We recognize the compensation cost, net of forfeitures, over the performance period. We also adjust the compensation cost based on the profitability of performance goal achievement at the end of each reporting period.

See Note 12 to consolidated financial statements for information regarding stock-based compensation.

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 a deferred tax asset. 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 (loss). 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.

Withholding tax

In accordance with accounting guidance, undistributed earnings of a subsidiary are presumed to be transferred to the parent company and are subject to withholding taxes, unless the parent company has evidence of specific plans for reinvestment of undistributed earnings of a subsidiary that demonstrate that remittance of the earnings will be postponed indefinitely. The current policy allows us to distribute PRC earnings offshore only if we do not have to pay a dividend tax. Based on the EIT Law, which became effective on January 1, 2008, such policy would require us to indefinitely reinvest all earnings made in China since 2008 onshore or be subject up to 10% in withholding tax should we decide to distribute earnings accumulated since 2008 offshore.

Transition from PRC Business Tax to PRC Value Added Tax

Pursuant to 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.

Business Tax had been imposed primarily on revenues from the provision of taxable services, assignments of intangible assets and transfers of real estate. Prior to the implementation of the Pilot Program, the Company's Business Tax rates, which vary depending upon the nature of the revenues being taxed, generally ranged from 3% to 5%. Under the Pilot Program, the Company's advertising revenues (starting from January 1 2012 in Shanghai and September 1, 2012 in Beijing, respectively) and game revenues (starting from December 1, 2012) are now subject to a VAT of 6%, compared to 0% prior to the implementation. The Company's MVAS revenues are not within the scope of the Pilot Program and, thus, are still subject to business tax. VAT payable on goods sold or taxable on labor services for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. The implementation of the Pilot Program has not had a significant impact on the Company's consolidated statements of comprehensive income (loss) for the year ended December 31, 2012.

Foreign currency

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 (loss), 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.

Recent accounting pronouncements

In July 2012, the FASB issued revised guidance on "Testing Indefinite-Lived Intangible Assets for Impairment". The revised guidance applies to all entities, both public and nonpublic, that have indefinite-lived intangible assets, other than goodwill, reported in their financial statements. Under the revised guidance, an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform a quantitative impairment test by comparing the fair value with the carrying amount in accordance with Subtopic 350-30. An entity also has the option to bypass a qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. In conducting a qualitative assessment, an entity should consider the extent to which relevant events and circumstances, both individually and in the aggregate, could have affected the significant inputs used to determine the fair value of the indefinite-lived intangible asset since the last assessment. An entity also should consider whether there have been changes to the carrying amount of the indefinite-lived intangible asset when evaluating whether it is more likely than not that the indefinite-lived intangible asset is impaired. An entity should consider positive and mitigating events and circumstances that could affect its determination of whether it is more likely than not that the indefinite-lived intangible asset is impaired. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The revised guidance will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, the FASB issued revised guidance on "Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The revised guidance does not change the current requirements for reporting net income or other comprehensive income in financial statements. However, the revised guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The revised guidance is effective prospectively for reporting periods beginning after December 15, 2012 for public entities. The revised guidance will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

A. Operating Results

Net revenues

	Years Ended December 31,							
	2012		2011		2010		% of Change	
							YOY 2012	YOY 2011
	(In thousands, except percentages)(In thousands, except percentages)							
Net revenues								
Advertising	\$ 412,928	78%	\$ 368,805	76%	\$ 290,814	72%	12%	27%
Non-advertising:								
MVAS	69,008	13%	83,457	18%	86,183	22%	(17)%	(3)%
Others	47,393	9%	30,567	6%	25,620	6%	55%	19%
	<u>116,401</u>	22%	<u>114,024</u>	24%	<u>111,803</u>	28%	2%	2%
	<u>\$ 529,329</u>	100%	<u>\$ 482,829</u>	100%	<u>\$ 402,617</u>	100%	10%	20%

Total net revenues increased 10% and 20% year-over-year in 2012 and 2011, respectively. The year-over-year increase in revenues in 2012 was due to the growth of online advertising revenue and other non-advertising revenues, partially offset by the decrease in MVAS revenue. The year-over-year increase in revenues in 2011 was driven by growth in online advertising revenues and, to a lesser extent, increase in other non-advertising revenues. As a percentage of total net revenues, advertising revenues were 78%, 76% and 72% in 2012, 2011 and 2010, respectively, while MVAS revenues were 13%, 18% and 22%, respectively.

Advertising. Advertising revenues increased 12% and 27% year-over-year in 2012 and 2011, respectively. Substantially all of our advertising revenues are generated from China. Our top ten customers in the aggregate accounted for approximately 17%, 15% and 19% of our advertising revenues in China in 2012, 2011 and 2010, respectively. Automobile, fast-moving consumer goods, Internet services, financial services, IT and telecommunication were our top advertising sectors in 2012 and 2011, accounting for approximately 85% and 86%, respectively, of our advertising revenues in China. Total large brand advertisers in China was approximately 877 in 2012, compared to approximately 860 and 840 in 2011 and 2010, respectively.

One of the growth drivers of our advertising business is the migration of advertising dollars from offline traditional media to online media. Unlike search and other performance-based advertising models, brand advertising on our portal 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 brand strength, market influence and user profile 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 reasons and others, such as a significant portion of our online traffic is currently not being monetized, we do not gauge the growth of our advertising revenues based on any particular traffic metric.

During 2012, we began testing advertising on our Weibo platform. For the most part, advertising revenues on Weibo were derived from display advertising, which was primarily priced based on CPM (cost per mille). Since Weibo is a social media, traffic volume is driven by the number of active users as well as the occurrence of exciting news events. Our average daily active users for December 2012 was approximately 46 million, an increase of 83% over the same period in 2011. In 2012, revenues from Weibo related advertising accounted for 12% of our total advertising revenues.

Non-advertising. Non-advertising revenues consist of MVAS, amortized deferred revenues and fee-based revenues.

MVAS

	Years Ended December 31,							
	2012		2011		2010		% of Change	
							YOY 2012	YOY 2011
	(In thousands, except percentages)				(In thousands, except percentages)			
2.0G products	\$ 54,849	79%	\$ 57,408	69%	\$ 64,852	75%	(4)%	(11)%
2.5G products	14,159	21%	26,049	31%	21,331	25%	(46)%	22%
	<u>\$ 69,008</u>	<u>100%</u>	<u>\$ 83,457</u>	<u>100%</u>	<u>\$ 86,183</u>	<u>100%</u>	<u>(17)%</u>	<u>(3)%</u>

MVAS revenues decreased 17% and 3% year-over-year in 2012 and 2011, respectively. Our MVAS revenues have been declining in recent years due to changes in operator policies, which have significantly reduced our ability to acquire new MVAS subscribers and increased the churn rate of our existing monthly MVAS subscribers. Key policy changes made by operators recently included the following:

- In September, 2012, China Unicom implemented a series of measures that limited the promotion of certain MVAS. A MVAS provider may be penalized if the number of complaints against the provider related to non-compliance of China Unicom’s standard MVAS subscription procedure exceeds a given threshold. Our MVAS revenues have been significantly affected by such measures.
- In January 2011, China Mobile implemented a series of measures, including limiting the service offerings and partnerships allowed for each SMS service code, preventing the television and radio promotion of certain interactive IVR products and requiring additional notices and customer confirmations in the MVAS ordering process. Our SMS, IVR and MMS revenues have been significantly affected by such measures.
- In December 2010, under policy derivatives from the MII, China Mobile began requiring a subscription reminder to be sent for monthly MVAS subscriptions after receiving double confirmation of the subscription. Subscribers can cancel MVAS subscriptions by replying to the reminder notice. Such reminder notice has reduced our ability to acquire new monthly MVAS subscribers in a cost-effective manner.
- In November 2009, China Mobile suspended billing to customers for WAP services. China Mobile has not yet indicated whether WAP billing will resume and, if so, when and under what conditions.

Mobile operators, such as China Mobile and China Unicom, and governmental bodies, such as the MII and the SARFT, may announce additional measures or regulations in the future, which may adversely impact our results of operations, cash flows and financial condition. We are in the process of developing and promoting new products that we believe are not subject to recent policy and regulatory changes made by operators and governmental bodies. However, there is no guarantee that we will be able to develop any such new products, that any such products will achieve market acceptance or that such products will not be affected by future changes in rules and regulations.

Revenues from 2.0G products decreased 4% and 11% year-over-year in 2012 and 2011, respectively. Revenues from SMS accounted for 38%, 41% and 46% of MVAS revenues in 2012, 2011 and 2010, respectively, and revenues from IVR accounted for 36%, 23% and 25% of MVAS revenues in 2012, 2011 and 2010, respectively. Revenues from SMS declined 23% and 13% year-over-year, while IVR revenues increased 32% year-over-year in 2012 and declined 13% year-over-year in 2011. The declines in SMS revenues were primarily due to China Mobile and China Unicom implementing a series of policy changes. The increase in IVR revenues in 2012 was mainly due to the increased sales promotion of IVR products in 2012.

Revenues from 2.5G products decreased 46% year-over-year in 2012 and increased 22% year-over-year in 2011. Revenues from KJAVA accounted for 13%, 23% and 19% of MVAS revenues in 2012, 2011 and 2010, respectively. KJAVA revenues declined 53% year-over-year in 2012 and grew 18% year-over-year in 2011. The decrease in 2012 was mainly due to decreased game offering as a result of the policy changes. The increase in 2011 was mainly due to increased game offerings and sales promotion. MMS revenues declined 63% and 19% in 2012 and 2011, respectively, resulting from operator policy changes and decreased marketing efforts. Revenues from MMS accounted for 2%, 5% and 6% of MVAS revenues in 2012, 2011 and 2010, respectively. Revenues from WAP accounted for 6%, 4% and 1% of MVAS revenues in 2012, 2011 and 2010, respectively.

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Other non-advertising revenues

Other non-advertising revenues include amortized deferred revenues and fee-based services, such as paid email services and web games. In conjunction with the sale of our online real estate business to CRIC in October 2009, we signed certain license agreements with CRIC, which remain valid and effective after the merger of CRIC into E-House in April 2012. 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. Amortized deferred revenues were \$18.7 million, \$18.7 million and \$18.7 million for 2012, 2011 and 2010, respectively.

Other non-advertising revenues also include revenues shared between us and game developers and, to a lesser extent, membership fees. Our online game platforms allow game developers to sell virtual currencies, which are used by game players to purchase virtual items in web games. We collect payments from game players in connection with the sale of virtual currencies and record revenues net of remittances to the game developers. Game related revenues contributed approximately 16.3% of our non-advertising revenues in 2012.

Costs of revenues

	Years Ended December 31,			% of Change	
	2012	2011	2010	YOY 2012	YOY 2011
	(In thousands, except percentages)			(In thousands, except percentages)	
Costs of revenues:					
Advertising	\$ 195,324	\$ 157,458	\$ 116,295	24%	35%
Non-advertising:					
MVAS	41,935	53,235	49,612	(21)%	7%
Others	10,673	4,655	2,503	129%	86%
	52,608	57,890	52,115	(9)%	11%
	<u>\$ 247,932</u>	<u>\$ 215,348</u>	<u>\$ 168,410</u>	15%	28%

Costs of revenues increased 15% and 28% year-over-year in 2012 and 2011, respectively.

Advertising. Costs of advertising revenues consist 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 expense. Costs of advertising revenues also include 5.5% business taxes, surcharges and 3% cultural business construction fees of the advertising revenue in China. In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Program for Imposition of Value-Added Tax (“VAT”) to Replace Business Tax. With the implementation of the Pilot Program, the Company is currently subject to 6.6% VAT and surcharges and 3% cultural business construction fees.

Costs of advertising revenues increased 24% year-over-year in 2012 due to increases in content fees and direct labor cost of \$21.8 million, bandwidth and advertising serving cost of \$9.7 million and business taxes of \$5.7 million. Content fees increased primarily due to licensing new video content, including 2012 Olympic Games and NBA games. Direct labor cost increased due to an increase in headcount and a general increase in salary. Bandwidth costs increased primarily due to traffic growth, particularly from products such as Weibo and SINA Video. Business taxes and advertising serving costs increased as a function of higher revenues.

Costs of advertising revenues increased 35% year-over-year in 2011 due to increases in content fees and direct labor cost of \$23.5 million, bandwidth and advertising serving cost of \$12.4 million and business taxes of \$4.8 million. Content fees increased primarily due to licensing new video content, including NBA games, as well as price inflation on existing content. Direct labor cost increased due to an increase in headcount and a general increase in salary. Bandwidth costs increased due to the increase in our product offerings. Business taxes and advertising serving costs increased as a function of higher revenues.

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Non-advertising. Costs of non-advertising revenues mainly consist 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, and business taxes and surcharges levied in the PRC, which are approximately 3.3% for mobile-related revenues and 5.5% for other non-advertising revenues. Costs of non-advertising revenues also include costs for providing fee-based services.

Costs of MVAS revenues decreased 21% year-over-year in 2012 due to less fees paid to mobile operators, resulting from a decrease in MVAS revenues as well as a change in product mix. Costs of MVAS revenues increased 7% year-over-year in 2011 due to increased fee paid to mobile operators, as a result of a shift in product mix.

Gross margins

	Years Ended December 31,		
	2012	2011	2010
Gross margins:			
Advertising	53%	57%	60%
Non-advertising:	55%	49%	53%
MVAS	39%	36%	42%
Others	77%	85%	90%
Overall	53%	55%	58%

Overall gross margin decreased 2% and 3% in 2012 and 2011, respectively.

Advertising. Advertising gross margin declined 4% and 3% in 2012 and 2011, respectively. The changes in advertising gross margin in 2012 and 2011 were mainly due to increased content spending as well as production-related labor and infrastructure costs. We expect to increase our investment in absolute dollars terms in web content, Internet connection and production costs to maintain our market position, which may cause our advertising gross margin to further decline.

Non-advertising. Non-advertising gross margin increased in 2012 and decreased in 2011, primarily resulting from the change in MVAS gross margin, which increased 3% in 2012 and decreased 6% in 2011. The year-over-year increase in MVAS gross margin in 2012 was mainly due to a shift in product mix. The year-over-year decreases in MVAS gross margin in 2011 was due to decreases in MVAS revenues, coupled with a more competitive environment as MVAS providers are willing to accept lower revenue shares to acquire marketing channels and MVAS content and operators are increasing their revenue share for new MVAS offerings.

Operating expenses

	Years Ended December 31,							
	2012		2011		2010		% of Change	
	\$	% of Net Revenues	\$	% of Net Revenues	\$	% of Net Revenues	YOY 2012	YOY 2011
	(In thousands, except percentages)							
Sales and marketing	\$ 142,342	27%	\$ 135,867	28%	\$ 77,996	19%	5%	74%
Product development	108,062	21%	65,533	14%	34,048	8%	65%	92%
General and administrative	39,397	7%	30,121	6%	22,585	6%	31%	33%
Goodwill impairment	—	—	68,891	14%	—	—	—	—
Amortization of intangible assets	144	*	731	*	3,335	1%	(80)%	(78)%
Total	<u>\$ 289,945</u>	55%	<u>\$ 301,143</u>	62%	<u>\$ 137,964</u>	34%	(4)%	118%

* Less than 1%

Operating expenses decreased by 4% year-over-year in 2012 and increased 118% year-over-year in 2011. The decrease in 2012 was mainly because there was a goodwill impairment charge of \$68.9 million in 2011 while no goodwill impairment charge was recognized in 2012.

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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 as a percentage of net revenues was 27%, 28% and 19% in 2012, 2011 and 2010, respectively. Sales and marketing expenses increased 5% year-over-year in 2012 primarily due to an increase in employee-related expenses of \$17.8 million associated with new hires and salary increases, partially offset by the decrease of branding and marketing expenses of \$14.0 million.

Sales and marketing expenses increased 74% year-over-year in 2011 primarily due to an increase in marketing expenditures of \$39.8 million in connection with our branding and marketing efforts to promote Weibo.com and the NBA games, an increase in employee-related expenses of \$12.2 million associated with new hires and salary increases and an increase related to stock-based compensation of \$0.7 million.

We expect sales and marketing expenses to continue to increase in absolute dollars terms in the near future.

Product development. Product development expenses consist primarily of payroll and infrastructure-related expenses incurred for the enhancements to and maintenance of our websites, as well as costs associated with new product development and enhancements for products such as social media, blog and online video. Product development as a percentage of net revenues was 21%, 14% and 8% in 2012, 2011 and 2010, respectively. Product development expenses increased 65% year-over-year in 2012, primarily due to increases in payroll-related expenses of \$28.7 million resulting from new hires and salary increases, infrastructure-related expenses of \$12.8 million resulting from traffic growth, and stock-based compensation of \$0.7 million. The year-over-year increase in product development was mostly related to the development and support of our social media Weibo.

Product development expenses increased 92% year-over-year in 2011, primarily due to increases in payroll-related expenses of \$18.7 million resulting from new hires and salary increases, infrastructure-related expenses of \$11.3 million resulting from traffic growth and stock-based compensation of \$1.3 million. The year-over-year increase in product development was mostly related to the development and support of our social media Weibo.

We expect product development expenses to continue to increase in absolute dollar terms in the near future to support both our Weibo and portal product lines.

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 7%, 6% and 6% in 2012, 2011 and 2010, respectively. General and administrative expenses increased 31% year-over-year in 2012 mainly due to an increase in payroll-related expenses of \$6.6 million resulting from new hires and salary increases, provision for doubtful accounts of \$1.9 million and stock-based compensation expenses of \$1.7 million.

General and administrative expenses increased 33% year-over-year in 2011 mainly due to increase in payroll-related expenses of \$2.7 million resulting from new hires and salary increases, an increase in professional fees of \$2.3 million related to transactional and other consulting services, provision for doubtful accounts of \$0.8 million and stock-based compensation expenses of \$0.8 million.

We expect general and administrative expenses to increase in absolute dollar terms in the near future.

Goodwill impairment. No impairment charge was recognized in 2012. We recognized an impairment charge of \$68.9 million on MVAS goodwill in 2011. See Note 4 to the consolidated financial statements for further information.

Amortization of intangible assets. Amortizable intangible assets include purchased technology, database and software. Amortization expenses in 2010 included a charge of \$2.4 million related to the previously acquired instant messaging technology. See Note 4 to the consolidated financial statements for further information, including estimates of amortization expenses for future periods.

Interest and other income, net

	Year Ended December 31,		
	2012	2011	2010
	(In thousands)		
Interest income	\$ 17,037	\$ 13,739	\$ 7,394
Other income (expense)	(239)	2,588	1,410
	<u>\$ 16,798</u>	<u>\$ 16,327</u>	<u>\$ 8,804</u>

Compared to 2011, interest income increased as RMB-denominated deposits offered higher interest yields. Interest income may be flat or decline in the near future as bank deposits with higher yields are not as widely available.

Other income consists primarily of net currency transaction gain or loss. We recorded a net currency transaction loss of \$30,000 in 2012, a net foreign currency translation gain of \$2.3 million and \$1.3 million in 2011 and 2010, respectively. Net currency transaction gains were mainly a result of the appreciation of the RMB against the U.S. dollar.

Earnings /(losses) from equity investment in CRIC/E-House

In October 2009, we spun off our online real estate advertising business COHT and merged it with CRIC. Beginning October 1, 2009, we stopped consolidating the financial results of COHT and instead account for our interest in CRIC one quarter in arrears using the equity method of accounting. Subsequent to CRIC's merger with E-House on April 20, 2012, we continued to account for E-House one quarter in arrears using the equity method of accounting. For 2012, we recorded a loss of \$16.7 million from our investment in CRIC/E-House, compared to a gain of \$2.6 million for 2011. Earnings/(losses) from equity investment in CRIC/E-House declined year-over-year due to government policy changes on the Chinese real estate sector.

Gains and losses from investments

The following summarizes gains and impairment losses from investments:

	Years Ended December 31,		
	2012	2011	2010
	(In thousands, except percentages)		
CRIC	\$ 45,318 ⁽¹⁾	\$ (230,258)	\$ (128,554)
TUDOU	10,245	—	—
MCOX and others	(18,498)	(51,290)	—
	<u>\$ 37,065</u>	<u>\$ (281,548)</u>	<u>\$ (128,554)</u>
% of total net revenues	7%	(58)%	(32)%

(1) Including an immaterial amount of equity investment gain for the period from April 1 to April 20, 2012.

In 2012, based on our other-than-temporary impairment assessment, we recorded an \$8.4 million charge to write down our equity investment in MCOX, based on MCOX's closing stock price of \$0.99 per ADS on June 30, 2012 and \$0.61 per ADS on September 30, 2012. MCOX's share to ADS ratio has changed from 1:7 to 1:35 since January 21, 2013. As a part of our impairment assessment of other investments, we also recorded charges of \$8.6 million and \$1.5 million relating to the carrying value of our investments under the cost method and equity method, respectively. In 2012, we recognized a gain of \$45.3 million resulting from the merger of CRIC into E-House as well as a gain of \$10.2 million resulting from sale of Tudou shares in March 2012 and the gain from Tudou's merger with Youku in August 2012.

In 2011, based on our other-than-temporary impairment assessment, we recorded a \$230.3 million charge to write down our equity investment in CRIC, based on CRIC's closing stock price of \$4.92 per ADS as of September 30, 2011, and a \$50.9 million charge to write down our investments in MCOX, based on its closing stock price of \$1.37 per ADS as of September 30, 2011.

In 2010, based on our other-than-temporary impairment assessment, we recorded a \$128.6 million charge to write down our investment in CRIC, based on a closing stock price of \$9.60 per ADS as of December 31, 2010. See Note 3 to the consolidated financial statements for further information on the impairment.

See Note 3 and 14 to the consolidated financial statements for further information.

Income tax expense

	Year Ended December 31,		
	2012	2011	2010
	(In thousands, except percentages)		
Current income tax provision	\$ 6,245	\$ 5,930	\$ 9,142
Deferred income tax	(3,515)	(929)	(706)
Total	\$ 2,730	\$ 5,001	\$ 8,436
Income from China operations	\$ 14,995	\$ 65,275	\$ 108,151
Effective tax rate for China operations	18%	8%	8%

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 2012 was 18%, compared to 8% in 2011 and 8% in 2010. The lower effective tax rate for our PRC operations in 2011 and 2010 was primarily due to additional tax holidays received from a newly established subsidiary in Shanghai. Due to the expiration of tax holidays for the subsidiary in 2011, our effective tax rate increased to 18% in 2012.

Effective January 1, 2008, the EIT Law in China supersedes the Previous IT Law and unifies the income tax rate for domestic enterprises and FIEs at 25%. The EIT Law provides a five-year transitional period for certain entities that enjoyed a favorable income tax rate of less than 25% and/or a preferential tax holiday under the Previous IT Law and were established before March 16, 2007, to gradually increase their rates to 25%. In addition, high and new technology enterprises continue to enjoy a preferential tax rate of 15%. The EIT Law also provides grandfather treatment for high and new technology enterprises that received special tax holidays under the Previous IT Law to continue to enjoy their tax holidays until expiration provided that specific conditions are met. As of December 31, 2012, five of our subsidiaries were qualified as high and new technology enterprises under the new EIT Law.

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 IT Law. The Cayman Islands, where the 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, 2012, 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 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.

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. We believe that there was reasonable business purpose for the merger of COHT with CRIC, which was to realize the business synergy created by the merger to form a real estate information services platform both online and offline with diversified revenue streams, serving both real estate businesses and consumers. The simultaneous initial public offering allowed the combined company to raise additional capital to fund its future growth. Due to limited guidance and implementation history of the circular, significant judgment is required in the determination of a reasonable business purpose for an equity transfer by our non-China tax resident entity by considering factors, including but not limited to, the form and substance of the arrangement, time of establishment of the foreign entity, relationship between each step of the arrangement, relationship between each component of the arrangement, implementation of the arrangement and the changes in the financial position of all parties involved in the transaction. Although we believe that it is more likely than not this transaction would be determined as one with a reasonable business 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 — If tax benefits available to us in China are reduced or repealed, our results of operations could suffer significantly and your investment in our shares may be adversely affected.” See also Note 8 to the Consolidated Financial Statements for further discussion on income taxes.

B. Liquidity and Capital Resources

	As of December 31,		
	2012	2011	2010
	(in thousands)		
Cash, cash equivalents and short-term investments	\$ 713,598	\$ 673,475	\$ 882,835
Working capital	\$ 658,318	\$ 627,167	\$ 760,635
SINA shareholders' equity	\$ 1,136,670	\$ 1,055,670	\$ 1,239,308

As of December 31, 2012 and 2011, our accumulated earnings were \$301.0 million and \$269.3 million, respectively. Our total cash, cash equivalents and short-term investments as of December 31, 2012 and 2011 were \$713.6 million and \$673.5 million, respectively. The increase in cash, cash equivalents and short-term investments was primarily attributed to the net cash inflow from operating activities.

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We have funded our operations and capital expenditures primarily using the \$97.5 million raised through the sale of preference shares, the \$68.8 million raised from the sale of ordinary shares in the initial public offering, the \$97.3 million raised from the sale of zero-coupon, convertible, subordinated notes in July 2003, the \$180.0 million raised from the private equity placement of our ordinary shares in November 2009, and \$85.5 million received from the merger of CRIC into E-House in April 2012 as well as cash generated from operations and the exercise of stock options. 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.

On July 7, 2003, we issued \$100 million aggregate amount of zero-coupon, convertible, subordinated notes (the “Notes”) due 2023 in a private offering, which resulted in net proceeds to us of approximately \$97.3 million. The Notes were issued at par and bore no interest. The Notes were convertible into our ordinary shares, upon satisfaction of certain conditions, at an initial conversion price of \$25.79 per share, subject to adjustments for certain events. Upon conversion, we had the right to deliver cash in lieu of ordinary shares, or a combination of cash and ordinary shares.

During 2012 and 2011, we issued 0.1 million and 3.8 million new ordinary shares to settle conversion requests equivalent to \$2.0 million and \$96.8 million. In 2012, we redeemed the remaining \$200,000 convertible debt by cash, reducing our convertible debt balance to zero as of December 31, 2012.

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

As of December 31, 2012, we had \$713.6 million in cash, cash equivalents and short-term investments. 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 enhance our liquidity position or increase our cash reserve for future acquisitions via additional capital and/or finance funding. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in 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 Chinese 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 Chinese 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 — Restrictions on paying dividends or making other payments to us bind our subsidiaries and VIEs in China.”

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

	Years Ended December 31,		
	2012	2011	2010
		(In thousands)	
Net cash provided by operating activities	\$ 32,614	\$ 66,524	\$ 116,595
Net cash used in investing activities	(351,947)	(218,214)	(235,910)
Net cash provided by financing activities	4,296	13,534	11,977
Effect of exchange rate changes on cash and cash equivalents	883	8,517	4,534
Net decrease in cash and cash equivalents	(314,154)	(129,639)	(102,804)
Cash and cash equivalents at beginning of period	513,980	643,619	746,423
Cash and cash equivalents at end of period	\$ 199,826	\$ 513,980	\$ 643,619

Operating activities

Net cash provided by operating activities for 2012 was \$32.6 million. This was attributable to our net income of \$31.9 million, adjusted by depreciation of \$29.5 million, non-cash expenses including stock-based compensation of \$19.4 million, allowance for doubtful accounts of \$3.9 million, loss from equity investments of \$10.7 million, investment impairment on disposal of investment of \$18.5 million, partially offset by gain on sale of business of \$55.6 million and a net decrease in cash from working capital items of \$22.0 million. The net decrease in 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. Accrued liabilities included content fees, business taxes payable, sales rebate and marketing expenses. The increase in accounts receivable resulted from an increase in advertising sales, while the decrease in deferred revenue reflected related amortization.

Net cash provided by operating activities for 2011 was \$66.5 million. This was attributable to our net loss of \$302.4 million, adjusted by non-cash write-downs of investments of \$281.5 million, non-cash goodwill impairment of \$68.9 million, depreciation of \$21.0 million, non-cash expenses including stock-based compensation of \$16.6 million, unrealized foreign exchange gains of \$3.0 million, allowance for doubtful accounts of \$2.5 million, non-cash income from equity investment of \$1.5 million and amortization of intangible assets of \$0.7 million, partially offset by a net decrease in cash from working capital items of \$16.9 million. The net decrease in 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. Accrued liabilities included content fees, business taxes payable, sales rebate and marketing expenses. The increase in accounts receivable resulted from an increase in advertising sales, while the decrease in deferred revenue reflected related amortization.

Net cash provided by operating activities for 2010 was \$116.6 million. This was attributable to our net loss of \$19.3 million, adjusted by non-cash write-down of equity investment value of \$128.6 million, non-cash income from equity investment, net, of \$12.6 million and non-cash expenses including stock-based compensation of \$13.4 million, depreciation of \$13.6 million, allowance for doubtful accounts of \$1.2 million, amortization of intangible assets of \$3.3 million, and a net decrease in cash from working capital items of \$10.8 million.

Investing activities

Net cash used in investing activities for 2012 was \$351.9 million. This was a result of the purchase of short-term investments of \$1,219.9 million, equipment purchases of \$53.2 million, and prepayments in relation to investments of \$45.2 million, partially offset by the maturities of short-term investments of \$871.4 million, \$85.5 million received from the merger of CRIC into E-House, and \$9.5 million received from disposal of our equity investment in Tudou in March 2012.

Net cash used in investing activities for 2011 was \$218.2 million. This was a result of the purchase of short-term investments of \$631.7 million, equipment purchases of \$54.9 million, and investments and prepayments on investments of \$251.5 million, partially offset by the maturities of short-term investments of \$719.9 million.

Net cash used in investing activities for 2010 was \$235.9 million. This was a result of the purchase of short-term investments of \$558.2 million, equipment purchases of \$20.9 million, and investments and prepayments on investments of \$55.8 million, partially offset by the maturities of short-term investments of \$399.0 million.

Financing activities

Net cash provided by financing activities for 2012 was \$4.3 million, which mainly consisted of \$4.4 million from share option exercise.

Net cash provided by financing activities for 2011 was \$13.5 million. This was a result of share option exercise of \$6.2 million, sale of non-controlling interest in subsidiaries of \$5.7 million, and the proceed from other financing activities of \$1.6 million.

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Net cash provided by financing activities for 2010 was \$12.0 million. Cash from share option exercise was \$12.5 million, while payments of other financing activities were \$0.5 million.

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

Not applicable.

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, 2012 to December 31, 2012 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.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2012:

	Payments Due by Period				
	Total	Less Than One Year	One to Three Years (In thousands)	Three to Five Years	More Than Five Years
Operating leases obligation	\$ 18,405	\$ 12,788	\$ 5,275	\$ 342	\$ —
Purchase commitments	110,073	85,754	23,282	522	515
Total contractual obligations	<u>\$ 128,478</u>	<u>\$ 98,542</u>	<u>\$ 28,557</u>	<u>\$ 864</u>	<u>\$ 515</u>

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 2013. Rental expenses for the years ended December 31, 2012, 2011 and 2010 were \$17.4 million, \$11.7 million and \$8.4 million, respectively. Based on the current rental lease agreements, future minimum rental payments required as of December 31, 2012 are \$12.8 million, \$4.6 million and \$0.7 million for the years ending December 31, 2013, 2014 and 2015, respectively. The majority of the commitments are from our office lease agreements in China.

Purchase commitments mainly include minimum commitments for Internet connection fees associated with website production, content fees associated with website production and MVAS, advertising serving services and marketing activities. We signed an agreement with Beijing Zhong Guan Cun Software Park Development Company Limited in July 2012 to purchase a parcel of land for the construction of an office building, at a price of approximately \$35.3 million. The first two installments of approximately \$21.2 million were paid in 2012, and the remaining approximately \$14.1 million was paid in January 2013. Purchase commitments as of December 31, 2012 included the then unpaid land cost of \$14.1 million.

O. 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.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.

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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.

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, 2013:

Name	Age	Position
Charles Chao	47	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Hong Du	41	Co-President and Chief Operating Officer
Jack Xu	45	Co-President and Chief Technology Officer
Herman Yu	42	Chief Financial Officer (Principal Financial and Accounting Officer)
Tong Chen	46	Chief Editor and Executive Vice President
Yan Wang	40	Independent Director
Pehong Chen	55	Independent Director
Lip-Bu Tan	53	Independent Director
Ter Fung Tsao	67	Independent Director
Yichen Zhang	49	Independent Director
Song-Yi Zhang	57	Independent Director

Charles Chao has served as our Chairman of the Board 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. From September 1999 to January 2001, Mr. Chao served as our Vice President, Finance. 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 Co-Chairman of E-House, a real estate services company, a director of Focus Media, an out-of-home media and advertising network company, and NetDragon Websoft Inc., a company providing technology for online gaming. 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.

Hong Du has served as our Co-President and Chief Operating Officer since February 2013. Ms. Du had served as our Chief Operating Officer from February 2008 to February 2013. Ms. Du joined the Company 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 the Company 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.

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Jack Xu has served as the Company's Co-President and Chief Technology Officer since February 2013. Prior to joining SINA, Mr. Xu worked at Cisco as the Corporate Vice President of the Communications & Collaboration business unit. Previously, Mr. Xu served as Vice President of Engineering & Research at eBay from October 2002 to April 2008 and Chief Technology Officer at Netease from May 2000 to July 2002. He led the Excite's search engine development in 1996, while pursuing a Ph.D. at the University of California in Berkeley. Mr. Xu holds a B.A. and M.A. in Information Management from Sun Yat-Sen University.

Herman Yu has served as the Company's Chief Financial Officer since August 2007. Mr. Yu had served as our Acting Chief Financial Officer from May 2006 to August 2007 and Vice President and Corporate Controller from September 2004 to May 2006. Prior to joining SINA, Mr. Yu worked at Adobe Systems from January 1999 to September 2004, initially as Chief Auditor and then as Corporate Marketing Controller. Mr. Yu also held various finance and accounting management positions at Cadence Design Systems, Inc. and VeriFone, Inc. Mr. Yu began his career with Arthur Andersen and is a California Certified Public Accountant. Mr. Yu is currently a director of Mecox Lane Ltd. Mr. Yu holds a Masters of Accountancy from the University of Southern California and a B.A. in Economics from the University of California.

Tong Chen has served as the Company's Chief Editor and Executive Vice President since February 2007. In 1997, Mr. Chen took part in the founding of SRSnet.com, a division of Beijing Stone Rich Sight Information Technology Co., Ltd. (currently known as Beijing SINA Information Technology Co., Ltd.), one of our subsidiaries, and he formally joined the Company in March 1998. Mr. Chen served as host of our SRSnet.com Sports Salon from April 1997 to August 1998, Chief Editor of our News Center from September 1998 to June 1999, our Content Director from June 1999 to June 2000, Executive Deputy General Manager of our China operations from June 2000 to May 2002, our Vice President and Chief Editor from May 2002 to November 2003 and our Senior Vice President and Chief Editor from November 2003 to February 2007. Mr. Chen serves as the independent director of Beijing Enlight Media Co., Ltd, a company listed on the Shenzhen Stock Exchange, since February 2010. He is the independent director and the Chairman of compensation committee of TAL Education Group since June 2011 and also a member of its audit committee, nomination and corporate governance committee. Mr. Chen holds an M.B.A. from China-Europe International Business School, an M.A. in Journalism from Renmin University of China, an M.A. in Communications from Beijing Institute of Technology and a B.S. in electronic engineering from Beijing University of Technology.

Yan Wang has served as a director since May 2003. Mr. Wang served as our Chairman of the Board from May 2006 to August 2012 and served as our Vice Chairman of the Board 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.

Pehong Chen has served as a director since March 1999. Mr. Chen has been the Chief Executive Officer, President and Chairman of the Board of Broadvision, Inc., a software applications company, since May 1993. Prior to founding Broadvision, Mr. Chen was Vice President of Multimedia Technology at Sybase, Inc., an enterprise software company, from 1992 to 1993. From 1989 to 1992, Mr. Chen founded and was president of Gain Technology, a multimedia software tools company, which was acquired by Sybase. Mr. Chen is currently a director of Fortinet, Inc., a worldwide provider of network security appliances and the market leader in unified threat management. He received a B.S. in Computer Science from National Taiwan University, an M.S. in Computer Science from Indiana University and a Ph.D. in Computer Science from the University of California at Berkeley.

Lip-Bu Tan has served as a director since March 1999. Mr. Tan is the Founder and Chairman of Walden International, an international venture capital firm founded in 1984. Mr. Tan is also President and Chief Executive Officer of Cadence Design Systems, Inc., an Electronic Design Automation company. Mr. Tan is currently a director of Ambarella, Inc., a HD video processing company, Semiconductor Manufacturing International Corp., a foundry in China, Inphi Corporation, a provider of high-speed analog semiconductor solutions, United Overseas Bank, one of Asia's leading financial institutions, and several other private companies. He holds an M.S. in Nuclear Engineering from the Massachusetts Institute of Technology, an M.B.A. from the University of San Francisco and a B.S. from Nanyang University, Singapore.

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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.

Yichen Zhang has served as a director since May 2002. Since 2003, 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. Mr. Zhang is a graduate of Massachusetts Institute of Technology.

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 Renewable Energy Investment Limited, an alternative energy and software development company, and China Longyuan Power Group Corporation Limited, a wind power generation company. Mr. Zhang holds a J.D. degree from Yale Law School.

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, Pehong Chen, Lip-Bu Tan, 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 the Company’s Board of Directors. In 2012, we paid an aggregate of approximately \$1.5 million in cash compensation to our executive officers and non-employee directors as a group.

In 2012, we granted an aggregate of 36,000 restricted share units subject to service-based vesting to non-employee directors. Each non-employee director is granted 6,000 restricted share units subject to service-based vesting as of each annual general meeting. Our non-employee directors are not required to pay any consideration to the Company at the time of grant of a restricted share unit. In 2012, we granted an aggregate of 100,000 restricted share units and 540,000 option shares to our executive officers. See Note 12 to consolidated financial statements for further discussion on stock-based compensation.

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Share Incentive Plans

Our Board of Directors and shareholders approved the issuance of up to 10,000,000 ordinary shares pursuant to awards granted under the Amended and Restated 2007 Share Incentive Plan (“Amended and Restated 2007 Plan”). The Amended and Restated 2007 Plan, which permits the granting of share options, share appreciation rights, restricted share units and restricted shares, will terminate on August 1, 2015, unless it is terminated earlier by our Board of Directors. 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 the 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 on June 29, 2007, the Amended and Restated 2007 Plan replaced the Company’s 1999 Stock Plan and 1999 Directors’ Stock Option Plan and, as a result, no additional awards could be made under such plans. For a brief description of the Company’s 1999 Stock Plan and 1999 Directors’ Stock Option Plan, see Note 12 to the consolidated financial statements.

As of March 31, 2013, options and restricted share units for 1,472,356 ordinary shares were outstanding under the Amended and Restated 2007 Plan, and options to purchase 284,241 ordinary shares were outstanding under the Company’s 1999 Stock Plan and 1999 Directors’ Stock Option Plan.

The following table summarizes, as of March 31, 2013, the outstanding options and restricted share units that the Company granted to our directors, executive officers and other optionees in the aggregate:

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
Du, Hong	*	\$ 51.48	June 27, 2012	June 27, 2018
Xu, Jack	*	\$ 53.83	January 17, 2013	January 17, 2019
	*(1)	—	January 17, 2013	—
Yu, Herman	*	\$ 51.48	June 27, 2012	June 27, 2018
Chen, Tong	*	\$ 51.48	June 27, 2012	June 27, 2018
Chen, Pehong	*	\$ 49.95	December 6, 2007	December 6, 2013
	*	\$ 40.59	September 8, 2008	September 8, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Tan, Lip-Bu	*	\$ 33.68	September 26, 2003	September 26, 2013
	*	\$ 36.40	June 28, 2004	June 28, 2014
	*	\$ 26.37	September 27, 2005	September 27, 2015
	*	\$ 49.95	December 6, 2007	December 6, 2013
	*	\$ 40.59	September 8, 2008	September 8, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Tsao, Ter Fung	*	\$ 33.68	September 26, 2003	September 26, 2013
	*	\$ 36.40	June 28, 2004	June 28, 2014
	*	\$ 26.37	September 27, 2005	September 27, 2015
	*	\$ 24.39	June 23, 2006	June 23, 2016
	*	\$ 49.95	December 6, 2007	December 6, 2013
	*	\$ 40.59	September 8, 2008	September 8, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Zhang, Song-Yi	*	\$ 30.35	April 28, 2004	April 28, 2014
	*	\$ 26.37	September 27, 2005	September 27, 2015
	*	\$ 24.39	June 23, 2006	June 23, 2016
	*	\$ 49.95	December 6, 2007	December 6, 2013
	*	\$ 40.59	September 8, 2008	September 8, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Zhang, Yichen	*	\$ 49.95	December 6, 2007	December 6, 2013
	*	\$ 40.59	September 8, 2008	September 8, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Wang, Yan	*	\$ 24.23	July 27, 2004	July 27, 2014
	*(1)	—	December 7, 2009	—
	*(1)	—	August 2, 2010	—
	*(1)	—	November 4, 2011	—
	*(1)	—	August 10, 2012	—
Other employees	296,973	From \$12.98 to \$45.13 —	From May 21, 2003 to July 20, 2012 From June 17, 2011 to	From May 21, 2013 to July 20, 2018 —

Total	1,756,597 ^{*(1)}	March 12, 2013
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* Less than one percent of the outstanding ordinary shares.

(1) Restricted share units.

The options granted to our executive officers generally have a term of six to seven years, but are subject to earlier termination in connection with termination of continuous service to the Company. Generally, optionees may pay the exercise price via a cashless exercise procedure. Except for the options granted to Mr. Xu, the options granted to executive officers vest over a three-year vesting period with 1/6th of the shares covered by the option vesting on the 6-month anniversary of the grant date and the remaining shares vesting ratably on a monthly basis over the remaining vesting period. The options granted to Mr. Xu vest over a four-year vesting period with 25% of the shares vesting on the first 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 three to 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.

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 the Company when certain conditions are satisfied. See “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 seven members of the Board of Directors. All members of the Board, except for the CEO, serve a three-year term. The Board has designated our CEO as the managing director of the Company and, as such, has a permanent seat on the Board in accordance with our Amended and Restated Articles of Association. Assuming that the size of our board remains between 7 and 9 members, the Class I directors whose term will expire at our 2013 annual general meeting are Ter Fung Tsao and Yichen Zhang, the Class II directors whose terms will expire at our 2014 annual general meeting are Pehong Chen and Lip-Bu Tan and the Class III directors whose terms will expire at our 2015 annual general meeting are Yan Wang and Song-Yi Zhang. For the period during which each director has served on the Board, please refer to “Item 6.A. Directors and Senior Management.”

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Our officers are elected by and serve at the discretion of the Board of Directors. Our Employment Agreement with our CEO, Charles Chao, dated July 31, 2012, has a term of three years and may be extended for an additional one-year period after the end of the original term. Our Employment Agreements with each of our other officers, Herman Yu, CFO, and Hong Du, COO, and Tong Chen, Executive Vice President & Chief Editor, all dated November 16, 2010, have a term of three years and may be extended for an additional one-year period after the end of the original term. For the period during which each officer has served in office, please refer to “Item 6.A. Directors and Senior Management.”

Board Committees

Our Audit Committee consists of Lip-Bu Tan, Ter Fung Tsao and Song-Yi Zhang. 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 Lip-Bu Tan 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 the Company’s 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 the Company’s 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 the Company’s earnings press releases as well as earnings guidance provided to analysts.
8. Review the annual reports of the 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. The 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 the 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 the 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) the Company's provisions for future occurrences which may have a material impact on the financial statements of the Company.
- 14. Oversee the Company's finance function, which may include the adoption from time to time of a policy with regard to the investment of the Company's assets.
- 15. Periodically discuss with the independent accountant, without Management being present, (i) their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (ii) the completeness and accuracy of the 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 the 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 the 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 the 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.

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

Our Compensation Committee consists of Mr. Pehong Chen and Mr. Lip-Bu Tan. 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 the Company, as well as the specific compensation levels for executive officers. It also administers the granting of equity awards to executive officers under the Company's share incentive plans.

Potential Payments upon Termination or Change in Control

We have entered into contracts with our executive officers, including with Mr. Charles Chao, our Chief Executive Officer and a director of the 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 officers providing, among other things, that in the event that employment of such executive officer is terminated without cause or if a constructive termination occurs (either event, an "Involuntary Termination"), such executive 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 Mr. 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 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 the Company's 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. The Company will also reimburse such executive 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 the 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 the 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.

Terms of Potential Payments — Change in Control

In addition to the employment agreements described above, the Company has 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 the Company's 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 the Company's 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 the 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 unvested 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 6.C., we have no service contracts with any of our directors that provide benefits to them upon termination.

D. Employees

As of December 31, 2012, we had approximately 6,400 full-time employees, approximately 6,350 of whom 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 2012 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

The following table sets forth certain information that has been provided to the Company with respect to the beneficial ownership of our ordinary shares as of March 31, 2013 by:

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

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- each director;
- 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 66,753,414 ordinary shares outstanding as of March 31, 2013 together with options that are exercisable within 60 days from March 31, 2013 and shares issuable upon vesting of restricted share units within 60 days from March 31, 2013 for each shareholder. Beneficial ownership is determined in accordance with the rules of the SEC.

Name and Address of Beneficial Owners	Number of Shares Beneficially Owned	Percent of Shares Beneficially Owned(1)
Major Shareholders		
T. Rowe Price Associates, INC.(2) 100 E. Pratt Street, Baltimore, Maryland 21202	6,308,315	9.45
Capital Research Global Investors(3) 333 South Hope Street Los Angeles, CA 90071	5,207,500	7.80
Platinum Investment Management Limited (4) Level 8, 7 Macquarie Place Sydney NSW 2000, Australia	4,833,908	7.24
FMR LLC(5) 82 Devonshire Street Boston, Massachusetts, 02109	3,759,762	5.63
Directors and Executive Officers		
Lip-Bu Tan(6) c/o Walden International One California Street, 28th Floor San Francisco, CA 94111	*	*
Ter Fung Tsao(7) c/o Standard Foods Corporation, 5th Floor, No. 136 Jen Ai Road, Section 3 Taipei 10657, Taiwan	*	*
Pehong Chen(8) 1600 Seaport Blvd Suite 120 Redwood City, CA 94063	*	*
Yan Wang(9)	*	*
Yichen Zhang (10) CITIC 26/F CITIC Tower 1 Tim Mei Avenue, Central Hong Kong	*	*
Song-Yi Zhang (11) 10/F, Fung House, 19-20 Connaught Road, Central Hong Kong	*	*
Charles Chao(12)	1,815,800	2.72
Hong Du (13)	*	*
Jack Xu	*	*
Herman Yu (14)	*	*
Tong Chen (15)	*	*
All directors and executive officers as a group (10 persons)(12)	2,271,985	3.38

* Less than one percent of the outstanding ordinary shares.

(1) For each named person, the percentage ownership includes ordinary shares which the person has the right to acquire within 60 days after March 31, 2013. However, such shares shall not be deemed outstanding with respect to the calculation of ownership percentage for any other person.

(2) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 11, 2013.

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- (3) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 13, 2013.
- (4) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 15, 2013.
- (5) Beneficial ownership calculation is based solely on a review of a Schedule 13G filed with the SEC on February 14, 2013.
- (6) Includes 3,000 shares held by a trust for which Mr. Tan and his wife serve as trustees and 69,000 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (7) Includes 10,000 shares held by Mr. Tsao and 81,000 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (8) Includes 6,882 shares held by a trust controlled by Mr. Chen and 24,000 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (9) Includes 60,000 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (10) Includes 24,000 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (11) Includes 88,500 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013 and 3,000 shares issuable upon vesting of restricted share units within 60 days from March 31, 2013.
- (12) Includes 1,722,607 shares owned by New-Wave Investment Company, a British Virgin Islands Company established and controlled by Mr. Chao, and 93,193 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013. Mr. Chao is the sole director and executive officer of New-Wave Investment Company. Mr. Chao may be deemed to have shared voting and investment power over the shares held by New-Wave. Mr. Chao disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.
- (13) Includes 27,500 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013.
- (14) Includes 33,610 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013.
- (15) Includes 10,693 shares issuable upon exercise of options exercisable within 60 days from March 31, 2013.

Except as otherwise indicated, the address of each person listed in the table is SINA Corporation, 20/F Beijing Ideal International Plaza, No. 58 Northwest 4th Ring Road, Haidian District, Beijing 100080, People's Republic of China, Attention: Corporate Secretary. The persons named in the table have sole voting and investment power with respect to all ordinary shares shown as beneficially owned by them, subject to community property laws where applicable.

For information regarding the options held by our directors and executive officers as well as the arrangements involving the employees in the capital of the Company, see "Item 6.B. Compensation — Share Incentive Plans."

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

For information regarding major shareholders, please refer to "Item 6.E. Directors, Senior Management and Employees — Share Ownership."

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Our major shareholders do not have voting rights that are different from other shareholders.

As of March 31, 2013, approximately 66.7 million ordinary shares, or 99.9% of our total outstanding ordinary shares, were held by 48 record shareholders in the United States, including approximately 99.9% held by Cede & Co. The number of beneficial owners of our ordinary shares in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States. We are not directly or indirectly controlled by another corporation, any foreign government or any other natural or legal person. We are not aware of any arrangement that may, at a subsequent date, result in a change in control of our company.

B. Related Party Transactions

Except for the transactions disclosed below in this Item 7B and Note 7 to the consolidated financial statements, since the beginning of 2010, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are a party and in which any director, executive officer or beneficial holder of more than 10% of any class of our voting securities or such person's immediate family members or controlled enterprises had or will have a direct or indirect material interest other than as described below and elsewhere in Part I hereof. It is our policy that future transactions between us and any of our directors, executive officers or related parties will be subject to the review and approval of our Audit Committee or other committee comprised of independent, disinterested directors.

Our Code of Ethics states that a conflict of interest may exist whenever a relationship of an employee, officer or director, or one of their family members, is inconsistent with the Company's best interests or could cause a conflict with job responsibilities. Under our Code of Ethics, if our employees, officers and directors have any question regarding whether a conflict of interest exists, they are required to consult with their immediate supervisor or the Compliance Officer of the Company. If they become aware of a conflict or potential conflict, they are required to bring it to the attention of their immediate supervisor or the Compliance Officer.

Our Insider Trading Policy applicable to all employees, officers and directors and their family members prohibits trading based on material, non-public information regarding the Company or disclosure of such information for trading in the Company's securities.

Potential criminal and civil liability and disciplinary actions for insider trading are set forth in our Insider Trading Policy. Our Chief Financial Officer serves as the Company's Insider Trading Compliance Officer for the implementation of our Insider Trading Policy. Our Insider Trading Policy is delivered to all new employees and consultants upon the commencement of their relationships with the Company and is circulated to all personnel at least annually.

Commercial Contracts

One of the Company's subsidiaries is a party to an agreement with Broadvision Inc. ("Broadvision") whose Chairman, Chief Executive Officer and President, Mr. Pehong Chen, is a director of SINA. Under the agreement, Broadvision provides HR information management hosting service, including software subscription, system upgrade and technical support. For 2012, 2011 and 2010, service fees to Broadvision are approximately \$146,000, \$126,000 and \$112,000, respectively. There was no payable outstanding as of December 31, 2012.

Control Agreements

PRC law currently limits foreign equity ownership of companies that provide certain Internet and MVAS related businesses. To comply with these PRC regulations, we operate our websites and provide certain online services in China through a series of contractual arrangements with our VIEs, which are PRC domestic companies, and their shareholders. Such contractual arrangements are as follows:

- Our subsidiary STC agreed to provide Yan Wang, our former Chief Executive Officer and a director of our Company, an interest-free loan of RMB 300,000 for the purposes of providing capital to Beijing SINA Internet Information Services Co., Ltd. and RMB 300,000 for the purposes of providing capital to Guangdong SINA Internet Information Service Co., Ltd. The entire principal amount of each of these loans is currently outstanding. Each of these loans was extended as replacement for loans previously extended to Mr. Wang by BSIT in the same principal amounts disclosed above and on the same terms as described below, except where noted, which loans were replaced by the STC loans when the Company dissolved BSIT in 2008.

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- STC also agreed to provide Tong Chen, our Executive Vice President and Chief Editor, interest-free loans totaling RMB 300,000 for the purposes of providing capital to Guangdong SINA Internet Information Service Co., Ltd. In addition, STC has agreed to provide Tong Chen interest-free loans totaling RMB 4,500,000 for the purposes of providing capital to Beijing SINA Internet Information Service Co., Ltd. and an interest-free loan of RMB 200,000 for the purposes of providing capital to Jinzhuo Hengbang Technology (Beijing) Co., Ltd. The entire principal amount of each of these loans is currently outstanding. Each of these loans was extended as replacement for loans previously extended to Mr. Chen by BSIT in the same principal amounts disclosed above and on the same terms as described below, except where noted, which loans were replaced by the STC loans when the Company dissolved BSIT in 2008.
- STC agreed to provide Hong Du, our Chief Operating Officer, an interest-free loan of RMB 5,350,000 for the purposes of providing capital to Beijing SINA Internet Information Service Co., Ltd. The entire principal amount of the loan is currently outstanding. The loan was extended as replacement for the loan previously extended to Ms. Du by BSIT in the same principal amount as disclosed above and on the same terms as described below, except where noted, which loans were replaced by the STC loans when the Company dissolved BSIT in 2008.
- Weibo Internet Technology (China) Co., Ltd. agreed to provide a senior management member an interest-free loan of RMB6,000,000 for the purposes of providing capital to Weimeng. The entire principal amount of the loan is currently outstanding.

The aforementioned capital investments in the VIEs are funded by SINA and recorded as interest-free loans to the PRC officers and employees. Such interest-free loans are extended solely for subscription of the shares of the VIEs, and the transfer of ownership of the shares in the VIEs, as directed by SINA, is the requisite form of repayment of such interest-free loans. These are not personal loans. 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, and all shareholders of the VIEs are obligated to waive their right of first refusal or any other rights that are restrictive on such requested transfer. In addition, our employee shareholders of the VIEs have pledged their shares in the VIEs (and all rights relating thereto) as collateral for non-payment of (i) the interest-free loans and (ii) fees on technical and other services due to us. Except as set forth above, employee shareholders of the VIEs are not otherwise permitted to transfer, pledge or otherwise encumber their ownership of VIEs without STC's written approval. All voting rights with respect to the shares of the VIEs are assigned to us. We have the power to appoint all directors and senior management personnel of the VIEs. Through our wholly-owned 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 to the terms described above which were also applicable to the BSIT loans, STC has entered into a letter agreement with the PRC officers and employees that provides for (i) the cancellation of such officers' and employees' obligations under the contractual agreements upon the transfer or acquisition of shares held by such officers and employees and (ii) the indemnification of such officers and employees for any liability incurred in the course of discharging such officers' and employees' obligations under any of the contractual agreements.

Employment and Compensation Agreements

We have entered into employment and compensation arrangements with our directors and executive officers as described in "Item 6. Directors, Senior Management and Employees" above.

Indemnification Agreements

We have entered into indemnification agreements with our officers Charles Chao and Herman Yu and directors Yan Wang, Pehong Chen, Lip-Bu Tan, Ter Fung Tsao, Yichen Zhang, and Song-Yi Zhang containing provisions which may require us, among other things, to indemnify our officers and directors against certain liabilities that may arise by reason of their status or service as officers or directors, other than liabilities arising from willful misconduct of a culpable nature, and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

Registration Rights Agreements

Some of our shareholders are entitled to have their shares registered by us for resale.

Transactions and Agreements with CRIC and E-House

On January 1, 2008, we started to reorganize our real estate and home furnishing channels and online real estate advertising business into a separate unit with its own legal entities, management team, advertising operations, systems and physical facilities. The reorganization was completed on April 1, 2008 with the formation of a joint venture, COHT, between us and CRIC. We contributed \$2.5 million in cash, certain assets and liabilities and the rights to operate its real estate and home furnishing channels for a period of ten years. The rights include the licenses granted to COHT to use SINA's trademark, domain name, portal technologies and certain software. CRIC contributed \$2.5 million in cash and a ten-year license to use the database in the CRIC system. We and CRIC beneficially owned 66% and 34% of COHT, respectively.

On July 23, 2009, we and CRIC entered into a share purchase agreement, as amended on September 29, 2009, pursuant to which CRIC acquired our 66% equity interest in COHT in exchange for CRIC issuing its ordinary shares to us. We and CRIC also entered into a shareholders agreement and a registration rights agreement on October 21, 2009. We and COHT entered into an amended and restated advertising agency agreement, a domain name and content license agreement, a trademark license agreement and a software license and support services agreement, which became effective immediately upon the closing of CRIC's acquisition of our equity interests in COHT. Immediately after CRIC's initial public offering in October 2009, COHT became a wholly owned subsidiary of CRIC, while E-House and we became CRIC's two largest shareholders, holding 50.04% and 33.35%, respectively, of CRIC's total outstanding ordinary shares. During 2011 and 2010, we acquired an additional 300,000 shares and 923,000 shares, respectively, of CRIC's shares through open 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.

Investor Rights Agreement

We entered into an investor rights agreement with E-House on August 16, 2012 after CRIC has merged into E-House, pursuant to which E-House has granted us certain registration rights with respect to its ordinary shares held by us, these rights are substantially the same as the rights granted to us by CRIC before it merged into E-House.

Demand registration rights. Following the date that is 180 days after the date of the investor rights agreement, we have the right to demand that E-House effect a registration covering the offer and sale of E-House's ordinary shares held by us. We are entitled to an aggregate of three such registrations. E-House, however, is not required to prepare and file (1) more than one demand registration statements in any 12-month period, or (2) any demand registration statement within 180 days following the date of effectiveness of any other registration statement. If the demand registration relates to an underwritten public offering and the managing underwriter advises in its reasonable opinion that the number of securities requested to be included in the demand registration exceeds the largest number which reasonably can be sold in such offering without having a material adverse effect on such offering, E-House will include in such demand registration, up to the maximum offering size, following the order of priority: (1) the registrable securities that the requesting party proposes to register; (2) the registrable securities that any non-requesting party proposes to register; and (3) any securities E-House proposes to register and any securities with respect to which any other security holder has requested registration.

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Piggyback registration rights. If E-House proposes to file a registration statement for an offering of its ordinary shares, other than in a transaction of the type referred to in Rule 145 under the Securities Act of 1933, as amended, or to our employees pursuant to any employee benefit plan, then E-House must offer us an opportunity to include in the registration all or any part of our registrable securities. If the piggyback registration relates to an underwritten public offering and the managing underwriter advises in its reasonable opinion that the number of securities requested to be included in the piggyback registration together with the securities being registered by E-House or any other security holder exceeds the largest number which reasonably can be sold in such offering without having a material adverse effect on such offering, then (1) if E-House initiated the piggyback registration, E-House will include in such registration the registrable securities E-House propose to register first, and allocate the remaining part of the maximum offering size to all other selling registrable security holders including us on a pro rata basis; (2) if any other holders of E-House registrable securities initiated the piggy-back registration, E-House will include in such piggy-back registration, first, the registrable securities such initiating holders propose to register, second, the registrable securities held by us, and third, any securities E-House proposes to register.

Blackout periods. E-House is entitled to two blackout periods, aggregating to no more than 120 days in any 12-month period, during which E-House can defer the filing or effectiveness of a registration statement, if in the good faith judgment of its board of directors, E-House would be required to disclose in the annual report information not otherwise then required by law to be publicly disclosed, and there is a likelihood that such disclosure, or any other action to be taken in connection with the annual report, would materially and adversely affect or interfere with any significant financing, acquisition, merger, disposition of assets, corporate reorganization or other material transaction of negotiations involving E-House.

Expenses of registration. E-House will pay all expenses relating to any demand or piggyback registration, except that we shall bear and pay all (1) brokerage commissions, (2) commissions, fees, discounts, transfer taxes, stamp duties or expenses of any underwriter or placement agent applicable to registrable securities offered for our account, (3) fees and expenses of our counsel or other advisers, and (4) other out-of-pocket expenses.

Amended and Restated Advertising Agency Agreement

Under the amended and restated advertising agency agreement, which became effective in October 2009 upon the completion of CRIC's acquisition of our online real estate business, COHT continues to operate SINA's existing real estate and home furnishing channels and will develop a new real estate-related channel on sina.com.cn, and has the exclusive right to sell to real estate, home furnishing and construction material advertisers on these three channels as well as SINA's other websites. If COHT sells advertising on SINA's websites other than these three channels, COHT is entitled to receive approximately 85% of the revenues generated from these sales. In addition, COHT authorizes SINA as its exclusive agent to sell non real estate advertising on its directly operated website and channels. COHT is also entitled to receive 85% of the revenues generated from these sales. The initial term of the amended and restated advertising agency agreement is ten years. This agreement remains valid and effective after the merger of CRIC into E-House. For the year ended December 31, 2012, CRIC paid us a total amount of \$5.1 million for online advertising agency fee. As of December 31, 2012, there were \$2.5 million due from CRIC, representing online advertising agency fee payable to us.

Domain Name and Content License Agreement

Under the domain name and content license agreement, which became effective upon CRIC's acquisition of our online real estate business, SINA grants to COHT an exclusive license to use its three domain names, i.e., *house.sina.com.cn*, *jiaju.sina.com.cn* and *construction.sina.com.cn*, in connection with COHT's real estate Internet operations in China. In addition, SINA also grants to COHT an exclusive license to use all content whose copyrights are owned by SINA or owned by a third party provider but is sub-licensable by SINA without requiring payment of any additional fees. For other operating content, COHT is required to enter into an agreement with the owner independently and is responsible for the costs associated with procuring the content. The licenses are for an initial term of ten years and free of any additional fees. This agreement remains valid and effective after the merger of CRIC into E-House.

Trademark License Agreement

Under the trademark license agreement, which became effective upon the completion of CRIC's acquisition of our online real estate business, SINA grants to COHT a non-exclusive license to use three SINA trademarks and an exclusive license to use two SINA Leju trademarks in connection with COHT's real estate Internet operations in China through website located at *www.leju.com* and the channels located at *house.sina.com.cn*, *jiaju.sina.com.cn* and *construction.sina.com.cn*. The licenses are for an initial term of ten years and free of any additional fees. This agreement remains valid and effective after the merger of CRIC into E-House.

Software License and Support Services Agreement

Under the software license and support services agreement, which became effective upon the completion of CRIC's acquisition of our online real estate business, SINA grants to COHT a non-exclusive license to use (i) SINA's proprietary software including those used for Internet content publishing, advertising publishing, sales management, procurement reimbursement, financial management, flow statistics and monitoring, (ii) current software products and interfaces necessary to facilitate COHT's use of the current software products, (iii) the databases and compilations, (iv) its improvement to the licensed software and (v) related documentation and hardware, in connection with COHT's real estate Internet operations in China. SINA will also provide to COHT infrastructure necessary to operate its websites and facilitate its use of the licensed software. In addition, SINA will also provide COHT support services, including routine maintenance, technical support and hardware support. The licenses are for an initial term of ten years and free of any additional fees; however, there are reasonable, incremental costs for use of the licensed software. This agreement remains valid and effective after the merger of CRIC into E-House.

C. *Interests of Experts and Counsel*

Not applicable.

Item 8. Financial Information

A. *Consolidated Statements and Other Financial Information*

We have appended consolidated financial statements at the end of this annual report filed as part of this Annual Report on Form 20-F.

Legal Proceedings

As of December 31, 2012, there were no legal or arbitration proceedings that have had in the recent past, or to the Company's knowledge, may have, material effects on the Company's financial position, profitability or cash flows.

Dividend Policy

We have not declared nor paid any cash dividends on our ordinary shares in the past and have no plans to do so in the foreseeable future.

B. *Significant Changes*

None.

Item 9. The Offer and Listing

A. *Offer and Listing Details*

Our ordinary shares have been quoted on the NASDAQ Global Select Market (formerly the NASDAQ National Market) system under the symbol "SINA" since April 13, 2000. The following table sets forth the high and low trading prices of our ordinary shares for (1) each year of the five most recent full financial years, (2) each of the four quarters of the two most recent full financial years and the subsequent period and (3) each of the most recent six months:

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	Trading Price	
	High	Low
Annual Highs and Lows		
2008	\$ 58.60	\$ 21.49
2009	47.95	17.89
2010	76.36	32.00
2011	147.12	46.86
2012	80.80	41.14
Quarterly Highs and Lows		
First Quarter 2011	109.53	69.12
Second Quarter 2011	147.12	77.33
Third Quarter 2011	125.37	68.00
Fourth Quarter 2011	96.00	46.86
First Quarter 2012	80.80	47.13
Second Quarter 2012	66.18	49.63
Third Quarter 2012	70.00	43.12
Fourth Quarter 2012	65.14	41.14
First Quarter 2013	59.60	46.72
Monthly Highs and Lows		
October 2012	65.14	53.98
November 2012	58.58	44.66
December 2012	51.75	41.14
January 2013	58.77	50.61
February 2013	59.60	49.65
March 2013	51.44	46.72
April 2013 (through April 19, 2013)	51.57	45.68

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares have been quoted on the NASDAQ Global Select Market (formerly the NASDAQ National Market) system under the symbol "SINA" since April 13, 2000.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this Annual Report the description of our amended and restated memorandum and articles of association contained in the Company's registration statement on Form F-3, Registration No. 333-163990, filed on December 23, 2009.

C. *Material Contracts*

We have not entered into any material contracts for the two years immediately preceding the date of this Annual Report other than in the ordinary course of business and other than those described elsewhere in this Annual Report on Form 20-F.

D. *Exchange Controls*

See “Item 4. Information on the Company — B. Business Overview — Government Regulation and Legal Uncertainties — Classified Regulations — Foreign Exchange.” and “Item 3. Key Information — D. Risk Factors — Restrictions on paying dividends or making other payments to us bind our subsidiaries and VIEs in China.”

E. *Taxation*

The following summary of the material Cayman Islands and United States federal income tax consequences of an investment in our ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ordinary shares, such as the tax consequences under state, local and other tax laws.

Cayman Islands Taxation

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

Certain United States Federal Income Taxation Consideration

The following is a summary of certain of the United States federal income tax considerations relating to an investment in our ordinary shares by a U.S. Holder (defined below) that will hold our ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This summary is based upon applicable provisions of the Code, Treasury regulations promulgated thereunder, pertinent judicial decisions, interpretive rulings of the Internal Revenue Service and such other authorities as we have considered relevant, which are subject to differing interpretation or change, possibly with retroactive effect. The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

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- banks;
- financial institutions;
- insurance companies;
- broker dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting shares;
- persons holding ordinary shares through partnerships or other pass-through entities; or
- persons who acquired ordinary shares pursuant to the exercise of any employee share option or otherwise as consideration for services.

In addition, this summary does not discuss any non-United States, state, or local tax considerations. Each U.S. Holder is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of an investment in our ordinary shares.

The discussion below of the United States federal income tax consequences to “U.S. Holders” will apply if you are the beneficial owner of ordinary shares and you are, for United States federal income tax purposes,

- a citizen or individual resident of the U.S.;
- a corporation (or other entity taxable as a corporation for United States federal income tax purposes) organized under the laws of the U.S., any State or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership is a beneficial owner of our ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner of a partnership holding our ordinary shares, such U.S. Holder is urged to consult its tax advisor regarding an investment in our ordinary shares.

Taxation of Dividends and Other Distributions on the Ordinary Shares

Subject to the passive foreign investment company rules discussed below, any cash distributions (including the amount of any PRC tax withheld if we are deemed to be a resident enterprise under PRC tax law) paid on our ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in your gross income as dividend income on the day actually or constructively received by you. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. Dividends received on our ordinary shares will not be eligible for the dividends received deduction allowed to corporations under the Code.

A non-corporate recipient will be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) our ordinary shares are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a resident enterprise under the PRC tax law, we are eligible for the benefit of the United States-PRC income tax treaty (the “Treaty”), (2) we are neither a passive foreign investment company nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met.

For United States foreign tax credit purposes, dividends generally will be treated as income from foreign sources and generally will constitute passive category income. Depending on your particular circumstances, you may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ordinary shares. If you do not elect to claim a foreign tax credit for foreign tax withheld, you are permitted instead to claim a deduction, for United States federal income tax purposes, in respect of such withholdings, but only for a year in which you elect to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale or Other Disposition of Ordinary Shares

Subject to the passive foreign investment company rules discussed below, you generally will recognize capital gain or loss upon the sale or other disposition of our ordinary shares in an amount equal to the difference, if any, between the amount realized upon the disposition and your adjusted tax basis in such ordinary shares. Any capital gain or loss will be long-term if you have held the ordinary shares for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. In the event that we are deemed to be a resident enterprise under PRC tax law, and gain from the disposition of the ordinary shares would be subject to tax in the PRC, such gain may be treated as PRC source gain for foreign tax credit purposes under the Treaty. The deductibility of a capital loss may be subject to limitations. You are urged to consult your tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of our ordinary shares, including the availability of the foreign tax credit under your particular circumstances.

Passive Foreign Investment Company Considerations

Based on the market price of our ordinary shares, the value of our assets, and the composition of our assets and income, we do not believe that we were a passive foreign investment company, or PFIC, for United States federal income tax purposes for our taxable year ended December 31, 2012. 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 not be a PFIC for the current or any other taxable year. A non-U.S. corporation, such as our company, is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income (the “income test”), or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change from year to year. The total value of our assets for purposes of the asset test generally will be calculated with reference to the market price of our ordinary shares. Accordingly, fluctuations in the market price of the ordinary shares may result in our being a PFIC for any year. If we are a PFIC for any year during which you hold ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ordinary shares. However, if we cease to be a PFIC, provided that you have not made a “mark-to-market” election, as described below, you may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the ordinary shares, as applicable.

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If we are a PFIC for any taxable year during which you hold ordinary shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for you for such year and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if you hold the ordinary shares as capital assets.

Alternatively, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. If you make a valid mark-to-market election for the ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of your taxable year over your adjusted basis in such ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares. Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. If you make such a mark-to-market election, tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us (except that the lower applicable capital gains rate would not apply).

The mark-to-market election is available only for “marketable stock” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable Treasury regulations. We expect that the ordinary shares will continue to be listed on the NASDAQ Global Select Market, which is a qualified exchange for these purposes, and, consequently, assuming that the ordinary shares are regularly traded, if you are a holder of ordinary shares, it is expected that the mark-to-market election would be available to you were we to become a PFIC.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If you own our ordinary shares during any taxable year that we are a PFIC, you must file an annual report with the Internal Revenue Service. You are urged to consult your tax advisor concerning the United States federal income tax consequences of purchasing, holding, and disposing ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election.

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Information Reporting and Backup Withholding

Pursuant to the Hiring Incentives to Restore Employment Act of 2010, individual U.S. Holders and certain entities may be required to submit to the Internal Revenue Service certain information with respect to his or her beneficial ownership of our ordinary shares, if such ordinary shares are not held on his or her behalf by a financial institution. This new law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

Dividend payments with respect to ordinary shares and proceeds from the sale, exchange or redemption of ordinary shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

F. *Dividends and Paying Agents*

Not applicable.

G. *Statement by Experts*

Not applicable.

H. *Documents on Display*

Our corporate Internet address is <http://corp.sina.com.cn>. We make available free of charge on or through our website our annual reports, quarterly reports, current reports, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We may from time to time provide important disclosures to investors by posting them in the investor relations section of our website, as allowed by the SEC rules. Information contained on SINA's website is not part of this report or any other report filed with the SEC. You may read and copy any public reports we filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site <http://www.sec.gov> that contains reports, proxy and information statements, and other information that we filed electronically.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk**Interest Rate and Security Market Risk**

Our investment policy limits our investments of excess cash to government or quasi-government securities, high-quality corporate securities and bank-guaranteed products. We protect and preserve our invested funds by limiting default, market and reinvestment risk.

We had approximately \$694.0 million in cash and bank time deposits (with terms up to twelve months) with large domestic banks in China as of December 31, 2012. The remaining cash, cash equivalents and short-term investments were held by financial institutions in Hong Kong, Taiwan and the United States. Historically, deposits in Chinese banks are secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law that came into effect on June 1, 2007, which 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 concession to WTO, foreign banks have been gradually permitted to operate in China and have become serious competitors to Chinese banks in many aspects, especially since the opening of RMB business to foreign banks in late 2006. Therefore, the risk of bankruptcy on Chinese banks in which we hold cash and bank deposits has increased. In the event that a Chinese bank that holds our deposits goes bankrupt, we are unlikely to claim our deposits back in full since we are unlikely to be classified as a secured creditor to the bank under the PRC laws. For 2012, our interest income was \$17.0 million and fluctuations of interest rates for Chinese RMB and U.S. dollars bank deposits can impact our financial results.

Foreign Currency Exchange Rate Risk

The majority of our revenues derived and expenses and liabilities incurred are in Chinese RMB with a relatively small amount in New Taiwan dollars, Hong Kong dollars and U.S. dollars. Thus, our revenues and operating results may be impacted by exchange rate fluctuations in the currencies of China, Taiwan and Hong Kong. See "Item 3. Key Information — D. Risk Factors — Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert Chinese RMB into foreign currencies and, if RMB were to decline in value, reducing our revenues and profits in U.S. dollar terms". We have not reduced our exposure to exchange rate fluctuations by using hedging transactions. While we may choose to do so in the future, the availability and effectiveness of any hedging transactions may be limited and we may not be able to successfully hedge our exchange rate risks. Accordingly, we may experience economic losses and negative impacts on earnings and equity as a result of foreign exchange rate fluctuations. In 2012, the foreign currency translation adjustments to our comprehensive income (loss) and net currency transaction loss were a loss of \$2.3 million and a loss of \$30,000, respectively. Below is a sensitivity analysis on the impact of a change in the value of the Chinese RMB against the U.S. dollar assuming: (1) projected net income from operation in China equal to the year ended December 31, 2012, (2) projected net assets of the operation in China equal to the balances in RMB and U.S. dollar as of December 31, 2012 and (3) currency fluctuation occurs proportionately over the period:

Change in the Value of Chinese RMB Against the U.S. Dollar	Translation Adjustments to Comprehensive Income (In thousands)	Transaction Gain (Loss) (In thousands)
Appreciate 2%	\$ 7,568	\$ (124)
Appreciate 5%	\$ 18,924	\$ (311)
Depreciate 2%	\$ (7,566)	\$ 124
Depreciate 5%	\$ (18,909)	\$ 311

Investment Risk

As of December 31, 2012, our equity investments, including marketable securities, totaled \$466.9 million. We periodically review our investments for impairment. If we conclude that any of these investments are impaired, we determine whether such impairment is other-than-temporary. Factors we consider to make such determination include the duration and severity of the impairment, the reason for the decline in value, the potential recovery period, and our intent to sell, or whether it is more likely than not that we will be required to sell, the investment before recovery. If any impairment is considered 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 (loss). We are unable to control these factors and an impairment charge recognized by us will unfavorably impact our operating results and financial position.

For 2011 and 2012, we recognized impairment charges on equity investments in the amount of \$281.5 million and \$18.5 million, respectively. In 2009, we spun off COHT and merged it with CRIC, resulting in a one-time gain of \$376.6 million. Our interest in the equity of CRIC was valued at \$572.0 million based on its initial public offering price of \$12.00 per ADS as of December 31, 2009. In 2010, we took an impairment charge of \$128.6 million on our investment in CRIC, based on a closing price of \$9.60 per ADS as of December 2010. In 2011, we took another impairment charge of \$230.3 million on our investment in CRIC, which had a book value of \$4.92 per ADS as of December 31, 2011. In 2011, we also recorded an impairment charge of \$50.9 million on our investment in MCOX, which had a book value of \$1.16 per ADS as of December 31, 2011. 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.

On April 20, 2012, CRIC merged into and became a 100% subsidiary of E-House and, as a result, the Company's interest in CRIC was converted into 29.3 million ordinary shares of E-House, equivalent to a 24.9% equity interest in E-House, and \$85.5 million in cash. The Company recognized an amount of \$45.3 million one-time gain, which was the difference between the consideration received and the carrying value of the Company's investment in CRIC at the completion date, after offsetting the cumulative currency translation adjustments previously recorded for CRIC as other comprehensive income. Earnings/(loss) from CRIC for the period from April 1, 2012 to April 19, 2012 is not material and has been included in the disposal gain of \$45.3 million.

We may be subject to additional investment loss if we had to or choose to sell our investments at a price lower than its carrying value. See Note 3 to our Consolidated Financial Statements for further information on our marketable investments and other equity investments.

Our short-term investment as of December 31, 2012 was \$513.8 million, which is composed of bank time deposits.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Annual Report on Form 20-F. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2012.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Attestation Report of the Registered Public Accounting Firm

PricewaterhouseCoopers Zhong Tian CPAs Limited Company, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2012, as stated in its report, which appears on page F-2 of this Form 20-F.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Lip-Bu Tan, an independent director (under the standards set forth in NASDAQ Listing Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

The Company has adopted a Code of Ethics which applies to the Company's directors, officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. We have posted the code on our corporate website at www.corp.sina.com.cn.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees billed by PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("PwC") and its affiliates, our independent auditor and principal accountant for the year ended December 31, 2012 and 2011:

	2012	2011
Audit and Audit Related Fees	\$ 1,643,326	\$ 1,742,052
Tax Fees(1)	21,200	24,800
All Other Fees(2)	1,800	1,800

- (1) Tax fees consist of fees billed for professional services related to tax advice and assistance with tax reporting.
- (2) All Other Fees consist of \$1,800 subscription fee for accounting rules and materials.

The Audit Committee's policy is to approve all audit and audit-related services. Permissible non-audit services are pre-approved according to fee amount threshold. Permissible non-audit services may include tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to an initial estimated budget. PwC and management are required to periodically report to the Audit Committee regarding the extent of services provided by PwC in accordance with this pre-approval, and the fees performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

There is no change in the Company's certifying accountant during the Company's two most recent fiscal years or any subsequent interim period.

Item 16G. Corporate Governance

As a foreign private issuer whose securities are listed the NASDAQ Global Select Market, we are permitted to follow certain home country corporate governance practices instead of the requirements of the NASDAQ Marketplace Rules (the "NASDAQ Rules") pursuant to NASDAQ Rule 5615, which provides for such exemption to compliance with the NASDAQ Rule 5600 Series. We complied with during fiscal year 2012 and currently comply with the NASDAQ Rules.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of SINA Corporation and its subsidiaries are included at the end of this Annual Report.

Item 19. Exhibits

The agreements filed as exhibits to this Annual Report on Form 20-F are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement, and such representations and warranties have been made solely for the benefit of the other parties to the applicable agreement. The representations and warranties (i) may not be categorical statements of fact, but rather as a method of allocating the risk to one of the parties should such statements prove to be inaccurate, (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement, (iii) may apply standards of materiality in a way that is different from what may be viewed as material by investors, and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Annual Report on Form 20-F and the Company's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

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Exhibit Number	Description
1.1	Amended and Restated Articles of Association of SINA Corporation (Filed as Exhibit 3.1 to the Company's Report of Foreign Issuer on Form 6K filed on December 23, 2009 and incorporated herein by reference).
1.2	Amended and Restated Memorandum of Association of SINA.com (currently known as SINA Corporation) (Filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K filed on March 16, 2005, and incorporated herein by reference).
2.1	Form of Subordinated Note due July 15, 2023 (Filed as Exhibit 4.1 to the Company's Report on Form 10-Q for the three month period ended June 30, 2003, and incorporated herein by reference).
2.2	Indenture, dated as of July 7, 2003, by and between the Company and the Bank of New York (Filed as Exhibit 4.2 to the Company's Report on Form 10-Q for the three month period ended June 30, 2003, and incorporated herein by reference).
2.3	Registration Rights Agreement, dated as of July 7, 2003, by and between the Company and Credit Suisse First Boston LLC (Filed as Exhibit 4.3 to the Company's Report on Form 10-Q for the three month period ended June 30, 2003, and incorporated herein by reference).
2.4	Rights Agreement dated as of February 22, 2005 between SINA Corporation and American Stock Transfer & Trust Company, as Rights Agent (Filed as Exhibit 4.1 to the Company's Report on Form 8-K filed on February 24, 2005, and incorporated herein by reference).
2.5	Amendment No. 1 to Rights Agreement dated as of November 18, 2009 between SINA Corporation and American Stock Transfer & Trust Company, as Rights Agent (Filed as Exhibit 4.2 to the Company's Report on Form 6-K filed on November 20, 2009, and incorporated herein by reference).
4.1	Form of Indemnification Agreement between SINA.com and each of its officers and directors (Filed as Exhibit 10.1 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.2	SRS International Ltd. 1997 Stock Option Plan and form of incentive stock option agreement (Filed as Exhibit 10.2 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.3	Sinanet.com 1997 Stock Plan and form of stock option agreement (Filed as Exhibit 10.3 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.4	Amended SINA.com 1999 Stock Plan and form of share option agreement (Filed as Exhibit 10.4 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.5	Form of share option agreement under the amended SINA.com 1999 Stock Plan (Filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on March 16, 2005 and incorporated by reference herein).
4.6	1999 Directors' Stock Option Plan (Filed as Exhibit 10.6 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.7	Form of nonstatutory stock option agreement under the 1999 Directors' Stock Option Plan (Filed as Exhibit 10.6 to the Company's Registration Statement on Form F-1, Registration No. 333-11718, filed on March 27, 2000, as amended, and incorporated herein by reference).
4.8	Lease Agreement of Ideal International Plaza between the Registrant's subsidiaries or VIEs and Beijing Zhongwu Ideal Real Estate Development Co., Ltd. for the office located in Ideal International Plaza, 58 North 4th Ring Road West, Haidian, Beijing, PRC, and the list of the lease agreements (Filed as Exhibit 4.9 to the Company's Report on Form 20-F filed on June 29, 2009, and incorporated herein by reference).

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- 4.9* Translation of Share Pledge Agreements by and between our wholly owned subsidiaries and individual shareholders of our VIEs.
- 4.10* Translation of Loan Agreements by and between our wholly owned subsidiaries and individual shareholders of our VIEs.
- 4.11* Translation of Agreements on Authorization to Exercise Shareholder's Voting Power by and between our wholly owned subsidiaries and individual shareholders of our VIEs.
- 4.12 Translation of Form Loan Repayment Agreement by and between our wholly owned subsidiaries and individual shareholders of our VIEs (Filed as Exhibit 4.13 to the Company's Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
- 4.13 Translation of Form Share Transfer Agreement by and between our wholly owned subsidiaries and individual shareholders of our VIEs (Filed as Exhibit 4.14 to the Company's Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
- 4.14 Translation of Form Exclusive Technical Services Agreement by and between our wholly owned subsidiaries and our VIEs (Filed as Exhibit 4.15 to the Company's Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
- 4.15 Translation of Form Exclusive Sales Agency Agreement by and between our wholly owned subsidiaries and our VIEs (Filed as Exhibit 4.16 to the Company's Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
- 4.16 Translation of Form Trademark License Agreement by and between our wholly owned subsidiaries and our VIEs (Filed as Exhibit 4.17 to the Company's Report on Form 20-F filed on April 27, 2012, and incorporated herein by reference).
- 4.17 Change of Control Agreement dated February 1, 2001 with Charles Chao (Filed as Exhibit 10.48 to the Company's Report on Form 10-Q for the three month period ended March 31, 2001, and incorporated herein by reference).
- 4.18 2007 Share Incentive Plan (Filed as Exhibit 4.2 to the Company's Report on Form S-8 filed on July 26, 2007, and incorporated herein by reference).
- 4.19 Form of share option agreement for non-employee directors under the 2007 Share Incentive Plan (Filed as Exhibit 4.44 to the Company's Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
- 4.20 Form of restricted share unit agreement for existing service providers under the 2007 Share Incentive Plan (Filed as Exhibit 4.45 to the Company's Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
- 4.21 Form of performance restricted share unit agreement under the 2007 Share Incentive Plan (Filed as Exhibit 4.46 to the Company's Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
- 4.22 Form of share option agreement for existing service providers under the 2007 Share Incentive Plan (Filed as Exhibit 4.47 to the Company's Report on Form 20-F filed on June 30, 2008, and incorporated herein by reference).
- 4.23 Form of restricted share unit agreement for existing service providers under the 2007 Share Incentive Plan (Filed as Exhibit 4.40 to the Company's Report on Form 20-F filed on June 29, 2009, and incorporated herein by reference).
- 4.24 Form of restricted share unit agreement for existing service providers under the 2007 Share Incentive Plan (Filed as Exhibit 4.41 to the Company's Report on Form 20-F filed on June 29, 2009, and incorporated herein by reference).
- 4.25 Share Subscription Agreement dated as of September 22, 2009 by and between New-Wave Investment Holding Company Limited and the Company (Filed as Exhibit 4.41 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
- 4.26 Letter Amendment dated as of September 23, 2009 by and between New-Wave Investment Holding Company Limited and the Company (Filed as Exhibit 4.42 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
- 4.27 Amended and Restated Registration Rights Agreement dated as of November 18, 2009 by and between New-Wave Investment Holding Company Limited and the Company (Filed as Exhibit 4.43 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).

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4.28	English translation of Amended and Restated Advertising Inventory Sale Agency Agreement, dated August 31, 2009, between the Company and China Online Housing Technology Corporation (Filed as Exhibit 4.49 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
4.29	Domain Name and Content License Agreement, dated September 2009, between Beijing SINA Internet Information Service Co., Ltd. and Beijing Yisheng Leju Information Services Co., Ltd. (Filed as Exhibit 4.50 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
4.30	Trademark License Agreement, dated September 2009, between Beijing SINA Internet Information Service Co., Ltd. and Beijing Yisheng Leju Information Services Co., Ltd. (Filed as Exhibit 4.51 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
4.31	Software License and Support Services Agreement, dated September 2009, between SINA.com Technology (China) Co., Ltd. and Shanghai SINA Leju Information Technology Co., Ltd. (Filed as Exhibit 4.52 to the Company's Report on Form 20-F filed on May 14, 2010, and incorporated herein by reference).
4.32	Amended and Restated 2007 Share Incentive Plan (Filed as Exhibit 4.1 to the Company's Report on Form S-8 filed on September 3, 2010, and incorporated herein by reference).
4.33	Investor Rights Agreement, dated August 16, 2012, between SINA Corporation and E-House (China) Holdings Ltd. (Filed as Exhibit 99.A to Schedule 13D/A filed by Sina Corporation on August 16, 2012, and incorporated herein by reference).
8.1*	List of Subsidiaries.
12.1*	Certificate of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certificate of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certificate of Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certificate of Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Independent Registered Public Accounting Firm.
15.2*	Consent of TransAsia Lawyers.
15.3*†	Consolidated financial statements of China Real Estate Information Corporation for the fiscal years ended December 31, 2011 and 2010.
15.4*†	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, independent registered public accounting firm of China Real Estate Information Corporation.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Furnished herewith.

† At the discretion of the PRC government in accordance with the Scheme for the Localization Restructuring of Chinese-Foreign Cooperative Accounting firms, Deloitte Touche Tohmatsu CPA Ltd. has been restructured to a new partnership and changed its name to Deloitte Touche Tohmatsu Certified Public Accountants LLP, effective from January 1, 2013. Deloitte Touche Tohmatsu Certified Public Accountants LLP has succeeded Deloitte Touche Tohmatsu CPA Ltd. for all purposes and assumed all of the obligations and rights of Deloitte Touche Tohmatsu CPA Ltd. effective from January 1, 2013.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

SINA Corporation

By: /s/ Charles Chao
Charles Chao
Chairman of the Board and
Chief Executive Officer

Date: April 22, 2013

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of SINA Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income (loss), consolidated statements of shareholders' equity and consolidated statements of cash flows present fairly, in all material respects, the financial position of SINA Corporation and its subsidiaries at December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Beijing, the People's Republic of China
April 22, 2013

SINA CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31,	
	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 199,826	\$ 513,980
Short-term investments	513,772	159,495
Accounts receivable, net of allowances for doubtful accounts of \$11,054 and \$11,492, respectively (include due from related parties of \$7,684 and \$5,959 as of December 31, 2012 and 2011, respectively)	135,251	112,469
Prepaid expenses and other current assets	36,498	41,966
Total current assets	<u>885,347</u>	<u>827,910</u>
Property and equipment, net	76,640	74,511
Equity investments, net	466,875	463,939
Intangible assets, net	681	815
Goodwill	15,159	15,159
Other assets	38,204	9,113
Total assets	<u>\$ 1,482,906</u>	<u>\$ 1,391,447</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of \$96,327 and \$67,056 as of December 31, 2012 and 2011, respectively. Note 2):		
Accounts payable	\$ 7,994	\$ 8,854
Accrued liabilities	168,677	140,476
Income taxes payable	13,466	14,717
Deferred revenues	36,892	34,496
Convertible debt	—	2,200
Total current liabilities	<u>227,029</u>	<u>200,743</u>
Long-term liabilities (including amounts of the consolidated VIEs without recourse to the primary beneficiaries of \$2,184 and \$1,826 as of December 31, 2012 and 2011, respectively. Note 2):		
Deferred revenues	107,784	126,529
Other liabilities	2,220	1,826
Total long-term liabilities	<u>110,004</u>	<u>128,355</u>
Total liabilities	<u>337,033</u>	<u>329,098</u>
Commitments and contingencies (Note 16)		
Shareholders' equity:		
SINA shareholders' equity:		
Ordinary shares: \$0.133 par value; 150,000 shares authorized; 66,639 and 66,143 shares issued and outstanding as of December 31, 2012 and 2011, respectively	8,863	8,797
Additional paid-in capital	736,249	715,098
Accumulated other comprehensive income	90,542	62,497
Retained earnings	301,016	269,278
Total SINA shareholders' equity	<u>1,136,670</u>	<u>1,055,670</u>
Non-controlling interests	9,203	6,679
Total shareholders' equity	<u>1,145,873</u>	<u>1,062,349</u>
Total liabilities and shareholders' equity	<u>\$ 1,482,906</u>	<u>\$ 1,391,447</u>

The accompanying notes are an integral part of these consolidated financial statements.

SINA CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data)

	Years Ended December 31,		
	2012	2011	2010
Net revenues:			
Advertising (include revenue received from CRIC of \$5,126, \$3,474 and \$2,526 for 2012, 2011 and 2010, respectively)	\$ 412,928	\$ 368,805	\$ 290,814
Non-advertising (include amortization of deferred revenues from CRIC of \$18,745, \$18,745 and \$18,745 for 2012, 2011 and 2010, respectively)	116,401	114,024	111,803
	<u>529,329</u>	<u>482,829</u>	<u>402,617</u>
Costs of revenues:			
Advertising	195,324	157,458	116,295
Non-advertising	52,608	57,890	52,115
	<u>247,932</u>	<u>215,348</u>	<u>168,410</u>
Gross profit	<u>281,397</u>	<u>267,481</u>	<u>234,207</u>
Operating expenses:			
Sales and marketing	142,342	135,867	77,996
Product development	108,062	65,533	34,048
General and administrative	39,397	30,121	22,585
Goodwill impairment	—	68,891	—
Amortization of intangible assets	144	731	3,335
Total operating expenses	<u>289,945</u>	<u>301,143</u>	<u>137,964</u>
Income (loss) from operations	(8,548)	(33,662)	96,243
Interest and other income, net	16,798	16,327	8,804
Income (Loss) from equity investments, net	(10,730)	1,466	12,604
Gain on sale of investments	55,563	—	—
Investment impairment	(18,498)	(281,548)	(128,554)
Income (loss) before income tax expense	34,585	(297,417)	(10,903)
Income tax expense	(2,730)	(5,001)	(8,436)
Net income (loss)	31,855	(302,418)	(19,339)
Less: Net income (loss) attributable to the non-controlling interest	117	(326)	(245)
Net income (loss) attributable to SINA	<u>\$ 31,738</u>	<u>\$ (302,092)</u>	<u>\$ (19,094)</u>
Other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale securities, net	30,373	(23,257)	868
Currency translation adjustments	(2,293)	22,227	10,645
Total other comprehensive income (loss)	<u>\$ 28,080</u>	<u>\$ (1,030)</u>	<u>\$ 11,513</u>
Total comprehensive income (loss)	<u>59,935</u>	<u>(303,448)</u>	<u>(7,826)</u>
Less: Comprehensive income (loss) attributable to non-controlling interests	117	(326)	(245)
Comprehensive income (loss) attributable to SINA	<u>\$ 59,818</u>	<u>\$ (303,122)</u>	<u>\$ (7,581)</u>
Basic net income (loss) per share attributable to SINA	\$ 0.48	\$ (4.64)	\$ (0.31)
Shares used in computing basic net income (loss) per share attributable to SINA			
	66,401	65,121	61,216
Diluted net income (loss) per share attributable to SINA	\$ 0.47	\$ (4.64)	\$ (0.31)
Shares used in computing diluted net income (loss) per share attributable to SINA			
	66,849	65,121	61,216

The accompanying notes are an integral part of these consolidated financial statements.

SINA CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	<u>SINA Shareholders' Equity</u>						
	<u>Ordinary Shares</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Non-controlling Interest</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balances at December 31, 2009	60,919	\$ 8,102	\$571,024	\$ 52,137	\$590,464	\$ 972	\$ 1,222,699
Issuance of ordinary shares							
pursuant to stock plans	856	114	11,684	—	—	—	11,798
Stock-based compensation expenses	—	—	13,402	—	—	—	13,402
Sale of subsidiaries' shares to non-controlling interest	—	—	—	—	—	453	453
Net loss	—	—	—	—	(19,094)	(245)	(19,339)
Unrealized gain on available-for-sale securities	—	—	—	868	—	—	868
Currency translation adjustments	—	—	—	10,607	—	38	10,645
Balances at December 31, 2010	61,775	\$ 8,216	\$596,110	\$ 63,612	\$571,370	\$ 1,218	\$ 1,240,526
Issuance of ordinary shares							
pursuant to stock plans	615	82	6,082	—	—	—	6,164
Issuance of ordinary shares pursuant to convertible bond conversion	3,753	499	96,299	—	—	—	96,798
Stock-based compensation expenses	—	—	16,607	—	—	—	16,607
Sale of subsidiaries' shares to non-controlling interest	—	—	—	—	—	5,702	5,702
Net loss	—	—	—	—	(302,092)	(326)	(302,418)
Unrealized loss on available-for-sale securities, net	—	—	—	(23,257)	—	—	(23,257)
Currency translation adjustments	—	—	—	22,142	—	85	22,227
Balances at December 31, 2011	66,143	\$ 8,797	\$715,098	\$ 62,497	\$269,278	\$ 6,679	\$ 1,062,349
Issuance of ordinary shares							
pursuant to stock plans	418	56	4,402	—	—	—	4,458
Issuance of ordinary shares pursuant to convertible bond conversion	78	10	1,990	—	—	—	2,000
Stock-based compensation expenses	—	—	16,252	—	—	3,106	19,358
Sale (purchase) of subsidiaries' shares from non-controlling interest	—	—	(7,477)	—	—	4,020	(3,457)
Settlement of share-based awards in subsidiary	—	—	5,984	—	—	(4,754)	1,230
Net income	—	—	—	—	31,738	117	31,855
Unrealized gain on available-for-sale securities, net	—	—	—	30,373	—	—	30,373
Currency translation adjustments	—	—	—	(2,328)	—	35	(2,293)
Balances at December 31, 2012	66,639	\$ 8,863	\$736,249	\$ 90,542	\$301,016	\$ 9,203	\$ 1,145,873

The accompanying notes are an integral part of these consolidated financial statements.

SINA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2012	2011	2010
Cash flows from operating activities:			
Net income (loss)	\$ 31,855	\$ (302,418)	\$ (19,339)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	29,548	20,968	13,609
Amortization of intangible assets	144	731	3,335
Stock-based compensation	19,358	16,607	13,402
Provision for allowance for doubtful accounts	3,869	2,530	1,239
Deferred income taxes	(3,515)	(929)	(706)
Loss (earnings) from equity investments, net	10,730	(1,466)	(12,604)
Gain on sale of investments	(55,563)	—	—
Investment impairment	18,498	281,548	128,554
Goodwill impairment	—	68,891	—
Foreign exchange gains	(14)	(2,979)	—
Gain on disposal of property and equipment	(254)	(64)	(47)
Changes in assets and liabilities:			
Accounts receivable	(26,222)	(19,819)	(13,390)
Prepaid expenses and other current assets	(6,940)	(7,600)	442
Other assets	3,555	(6,348)	3,211
Accounts payable	32	(109)	(128)
Accrued liabilities	25,223	36,786	11,768
Income taxes payable	(1,290)	(2,990)	2,024
Deferred revenues	(16,400)	(16,815)	(14,775)
Net cash provided by operating activities	<u>32,614</u>	<u>66,524</u>	<u>116,595</u>
Cash flows from investing activities:			
Purchases of short-term investments	(1,219,910)	(631,718)	(558,165)
Maturities of short-term investments	871,378	719,867	399,018
Purchases of property and equipment	(53,235)	(54,913)	(20,892)
Investments and prepayments on equity investments	(45,180)	(251,450)	(55,871)
Proceeds from disposal of CRIC	85,472	—	—
Proceeds from disposal of Tudou	9,528	—	—
Net cash used in investing activities	<u>(351,947)</u>	<u>(218,214)</u>	<u>(235,910)</u>
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares pursuant to stock plans	4,405	6,191	12,497
Proceeds from non-controlling interest in subsidiaries	91	5,702	—
Other financing activities	(200)	1,641	(520)
Net cash provided by financing activities	<u>4,296</u>	<u>13,534</u>	<u>11,977</u>
Effect of exchange rate change on cash and cash equivalents	883	8,517	4,534
Net decrease in cash and cash equivalents	(314,154)	(129,639)	(102,804)
Cash and cash equivalents at the beginning of the year	513,980	643,619	746,423
Cash and cash equivalents at the end of the year	<u>\$ 199,826</u>	<u>\$ 513,980</u>	<u>\$ 643,619</u>
Supplemental disclosures:			
Cash paid for income taxes	<u>\$ (7,707)</u>	<u>\$ (9,093)</u>	<u>\$ (7,108)</u>
Conversion of convertible bonds into ordinary shares	<u>\$ 2,000</u>	<u>\$ 96,798</u>	<u>\$ —</u>
Exchanges of equity investments in Tudou and CRIC for the investments in Tudou Youku and E-house, respectively	<u>\$ 258,094</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial statements.

**SINA CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Operations

SINA Corporation (“SINA,” “we” or the “Company”) is an online media company serving China and the global Chinese communities. Through our digital media network of SINA.com (portal), SINA.cn (mobile portal) and Weibo.com (social media), the Company enables Internet users to access professional media and user generated content (UGC) in multi-media formats from the web and mobile devices and share their interests to friends and acquaintances. SINA.com offers distinct and targeted professional content on each of its region specific websites and a range of complementary offerings. SINA.cn provides information and entertainment content from SINA portal customized for WAP users. Based on an open-platform architecture to host organically developed and third-party applications, Weibo.com 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. Through these businesses and properties and other business lines, the Company offers an array of services including mobile value added services (“MVAS”), online video, music streaming, online games, photo sharing, blog, email, classified listings, fee-based services, e-commerce and enterprise services. The Company generates the majority of its revenues from online brand advertising, MVAS and fee-based services.

2. Significant Accounting Policies

Basis of presentation and use of estimates

The preparation of the Company’s consolidated financial statements is in conformity with Generally Accepted Accounting Principles in the United States (“GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from such estimates. The Company believes the accounting for advertising and MVAS revenues, accounting for income taxes, goodwill and other long-lived assets, allowances for doubtful accounts, equity investments, stock-based compensation, consolidation, determination of the estimated useful lives of assets, and foreign currency represent critical accounting policies that reflect the more significant judgments and estimates used in the preparation of its consolidated financial statements.

Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned and majority-owned subsidiaries and its variable interest entities (“VIEs”), in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated.

To comply with PRC laws and regulations, the Company provides substantially all of its Internet content and MVAS services in China via its VIEs, which hold critical operating licenses that enable SINA to do business in China. Substantially all of the Company’s revenues, costs and net income in China are directly or indirectly generated through these VIEs. The Company has signed various agreements with its VIEs to allow the transfer of economic benefits from the VIEs to the Company.

The Company’s VIEs are wholly or partially owned by certain employees of the Company. The capital for the VIEs are funded by the Company and recorded as interest-free loans to these PRC employees. These loans were eliminated with the capital of the VIEs during consolidation. Under various contractual agreements, employee shareholders of the VIEs are required to transfer their ownership in these entities to the Company’s subsidiaries in China when permitted by PRC laws and regulations or to designees of the Company at any time for the amount of loans outstanding. All voting rights of the VIEs are assigned to the Company and the Company has the right to appoint all directors and senior management personnel of the VIEs. The Company has also entered into exclusive technical service agreements with the VIEs under which the Company provides technical and other services to the VIEs in exchange for substantially all net income of the VIEs. In addition, employee shareholders of the VIEs have pledged their shares in the VIEs as collateral for the non-payment of loans or for the technical and other services fees due to the Company. As of December 31, 2012, the total amount of interest-free loans to these PRC employees was \$34.2 million and the aggregate accumulated losses of all VIEs were approximately \$14.4 million, which have been included in the consolidated financial statements.

As of December 31, 2012, the total assets for the consolidated VIEs were \$133.1 million, which mainly comprising \$92.3 million cash and cash equivalents and short-term investments, and the remaining balance mainly include accounts receivables and property and equipment. As of December 31, 2012, total liabilities for the consolidated VIEs were \$98.5 million, which included \$77.3 million in accrued liabilities, \$10.1 million in income tax payable and \$11.1 million in deferred revenues. These balances were reflected in SINA’s consolidated financial statements with intercompany transactions eliminated.

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The following table sets forth the assets, liabilities, results of operations and changes in cash and cash equivalents of the VIEs and their subsidiaries taken as a whole, which were included in the Company's consolidated balance sheets and statements of comprehensive income (loss):

	December 31,	
	2012	2011
	(In thousands)	
Total assets	\$ 133,077	\$ 139,751
Total liabilities	\$ 98,511	\$ 68,882

	Year Ended December 31,		
	2012	2011	2010
	(In thousands)		
Net revenues	\$ 314,504	\$ 244,274	\$ 231,833
Net loss	\$ (6,322)	\$ (1,556)	\$ (199)

	Year Ended December 31,		
	2012	2011	2010
Net increase in cash and cash equivalents	2,285	13,960	19,099

Under the contractual arrangements with the VIEs, the Company has the power to direct activities of the VIEs and can have assets transferred freely out of the VIEs without any restrictions. Therefore, the Company considers that there is no asset of VIEs that can only be used to settle obligations of the respective VIEs, except for registered capital and PRC statutory reserves of VIEs amounting to a total of \$48.9 million as of December 31, 2012. Since our VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of our VIEs do not have recourse to the general credit of the Company. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIEs. As the Company is conducting certain businesses mainly through its VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

The following is a summary of the Company's major VIEs:

- Beijing SINA Internet Information Service Co., Ltd. (the "ICP Company"), a Chinese company controlled through business agreements. The ICP Company is responsible for operating www.sina.com and www.sina.cn in connection with its Internet content company license, selling the advertisements to advertisers and providing MVAS with its Value-Added Telecommunication Services Operating License in China via third-party operators to the users. It is 0.2% owned by Yan Wang, one of our directors, 22.8% owned by the Company's executive officer Tong Chen, 27.1% owned by the Company's executive officer Hong Du, and 49.9% owned by two other non-executive PRC employees of the Company. The registered capital of the ICP Company is \$19.0 million.
- Guangzhou Media Message Technologies, Inc. ("Xunlong"), a Chinese company controlled through business agreements. Xunlong is responsible for providing MVAS in China via third-party operators to the users under its Value-Added Telecommunication Services Operating License. It is owned by two non-executive PRC employees of the Company. The registered capital of the Xunlong is \$1.2 million.
- Beijing Star-Village Online Cultural Development Co., Ltd. ("StarVI"), previously translated as Beijing Star-Village.com Cultural Development Co., Ltd, a Chinese company controlled through business agreements. StarVI is responsible for providing MVAS in China via third-party operators to the users under its Value-Added Telecommunication Services Operating License. It is owned by three non-executive PRC employees of the Company. The registered capital of the StarVI is \$1.2 million.
- Shenzhen Wang Xing Technology Co., Ltd. ("Wangxing"), a Chinese company controlled through business agreements. Wangxing is responsible for providing MVAS in China via third-party operators to the users under its Value-Added Telecommunication Services Operating License. It is owned by two non-executive PRC employees of the Company. The registered capital of Wangxing is \$1.2 million.
- Jinzhao Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd. the "IAD Company"), a Chinese company controlled through business agreements. The IAD Company is an advertising agency. It is owned by two non-executive PRC employees of the Company. This entity has an approved business scope including design, production, agency and issuance of advertisements. The registered capital of the IAD Company is \$7.3 million.
- Beijing Weimeng Technology Co., Ltd ("Weimeng"), a Chinese company controlled through business agreement, is responsible for operating www.weibo.com and www.weibo.cn in connection with its Internet content company license and Value-Added Telecommunication Services Operating License. It is owned by three non-executive PRC employees of the Company. The registered capital of Weimeng is \$1.5 million.

The Company began to consolidate the ICP Company in October 2001. Xunlong and StarVI were acquired from Memestar Limited in January 2003 and the operating results for these two companies were consolidated by the Company since January 2003. Wangxing was acquired from Crillion Corporation in March 2004 and the operating results for Wangxing were consolidated by the Company since March 2004. The operating results of the IAD Company and Weimeng were consolidated since its establishment in 2004 and 2010, respectively.

The following is a summary of the VIE agreements:

Loan Agreements. One of our wholly owned subsidiaries, Sina.com Technology (China) Co., Ltd, or STC, or Weibo Internet Technology (China) Co., Ltd. ("WITC") in 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 term of the loans is 10 years and STC (5 years for the loans relating to the ICP Company), or WITC in the case of Weimeng, has the right to, at its own discretion, shorten or extend the term of the loans if necessary. These loans are eliminated with the capital of the VIEs during consolidation.

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Share Transfer Agreements. Each shareholder of the VIEs has granted STC, or WITC 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 WITC 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 WITC in the case of Weimeng, have fully performed their obligations under this agreement, and (ii) the respective shareholders of the VIEs and STC, or WITC 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 WITC in the case of Weimeng, have agreed that the interest-free loans under the loan agreements shall only be repaid through share transfer. Once the share transfers are completed, the purchase price for the share transfer will be set off against the loan repayment.

Agreements on Authorization to Exercise Shareholder's Voting Power. Each shareholder of the VIEs has authorized STC, or WITC 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.

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 WITC in the case of Weimeng, as a collateral security for his/her obligations to pay off all debts to STC, or WITC 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 WITC 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 WITC 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 VIEs and the shareholders of the VIEs have fully performed their obligations under the above-referred agreements, and (ii) STC or WITC in the case of Weimeng unilaterally consents to terminate the respective share pledge agreement.

Exclusive Technical Services Agreements. Each of the VIEs below has entered into an exclusive technical services agreement with STC, or WITC in the case of Weimeng, pursuant to which STC, or WITC 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:

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, was 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.

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. 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, as foreign-invested entities became permitted to engage directly in advertising businesses, 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.

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

These exclusive technical services agreements will not expire until the respective VIEs dissolve, with the services fee being adjusted annually through written agreements.

Exclusive Sales Agency Agreements. Each of the VIEs has granted STC, or WITC in 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 sale agency agreements 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). We have not yet utilized the Exclusive Sales Agency Agreements nor do we expect to do so in the foreseeable future.

Trademark License Agreements. STC or WITC in case of Weimeng, has granted each of the VIEs trademark licenses to use the trademarks held by STC, or WITC in case of Weimeng, in specific areas, and each of the licensed VIEs is obligated to pay license fees to STC, or WITC in case of Weimeng. The term of these agreements is one year and is automatically renewed provided there is no objection from STC, or WITC in case of Weimeng. We have entered into the Trademark License Agreements to provide other potential revenue-generating channels from the VIEs. We have not yet generated revenue from the Trademark License Agreements nor do we expect to do so in the foreseeable future.

The Company believes that the contractual arrangements among its VIEs, subsidiaries and certain employees of the Company are in compliance with current PRC laws and legally enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company's ability to enforce these contractual arrangements. The Company's ability to control its VIEs also depends on the authorization by the shareholders of the VIEs to exercise voting rights on all matters requiring shareholder approval in the VIEs. The Company believes that the power of attorney provided by the shareholders of the VIEs is legally enforceable. In addition, if the legal structure and contractual arrangements with its VIEs were found to be in violation of any future PRC laws and regulations, the Company may be subject to fines or other actions. The Company does not believe that any penalties imposed or actions taken by the PRC government would result in the liquidation of the Company, its subsidiaries or VIEs. The Company believes the possibility that it will no longer be able to control and consolidate its VIEs or that a loss will occur as a result of the aforementioned risks and uncertainties is remote. See Note 2 for further discussion of financial information of the Company's VIEs.

Non-controlling interest

Non-controlling interest are classified as a separate line item in the equity section and disclosures in the Company's consolidated financial statements has distinguished the interest of SINA from the interest of non-controlling interest holders.

Fair value of financial instruments

All financial assets and liabilities are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually).

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, the Company considers 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.

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.

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The carrying amount of cash and cash equivalents, short-term investments, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities and deferred revenues approximates fair value.

Cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less as cash equivalents. At December 31, 2012 and 2011, cash equivalents were comprised of investments in time deposits and money market funds stated at cost plus accrued interest.

Allowances for doubtful accounts

The Company maintains an allowance for doubtful accounts which reflects its best estimate of amounts that potentially will not be collected. The Company determines the allowance for doubtful accounts based on a historical, rolling average, bad debt rate in the prior year and other factors, such as credit-worthiness of customers and age of receivable balances. The Company also provides specific provisions for bad debts when facts and circumstances indicate that the receivable is unlikely to be collected. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, or if the operators incur more bad debt than their original estimates, more bad debt allowance may be required.

Long-lived assets

Property and equipment. Property and equipment are stated at 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 four years for computers and equipment and five years for furniture and fixtures. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining lease term. Depreciation expenses were \$29.5 million, \$21.0 million and \$13.6 million for 2012, 2011 and 2010, respectively.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Company's acquisitions of interests in its subsidiaries and consolidated VIEs. The Company tests goodwill for impairment at the reporting unit level on an annual basis as of December 31, and between annual tests when an event occurs or circumstances change that could indicate that the asset might be impaired. In September 2011, the Financial Accounting Standards Board ("FASB") issued revised guidance on "Testing of Goodwill for Impairment," which 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 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, the Company adopted the option to apply the qualitative approach to assess its goodwill on the advertising business. 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.

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

Long-lived assets and certain identifiable intangible assets other than goodwill 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.

Equity investments

Equity investments are comprised of investments in publicly traded companies, privately-held companies and limited partnerships. For equity investments over which the Company does not have significant influence, the cost method accounting is used. For equity 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 the Company has virtually no influence are accounted for using the cost method. The Company accounts for ordinary-share-equivalent equity investments and limited-partnership investments in entities over which it has significant influence but does not own a majority equity interest or otherwise control using the equity method. The Company accounts for its investment in E-House (China) Holdings Limited ("E-House")/China Real Estate Information Corporation ("CRIC") using the equity method of accounting. Following the acquisition date, the Company has recorded its share of the results of CRIC one quarter in arrears within earnings from equity investments. CRIC completed a privatization transaction, merged into and became a 100% subsidiary of E-House on April 20, 2012. Ordinary shares of CRIC held by SINA were converted to ordinary shares of E-House upon the completion of the transaction. Following the share conversion, the Company has recorded its share of results of E-House one quarter in arrears within earnings from equity investments. See Note 3 for further discussion related to equity investment in CRIC/E-house.

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The Company assesses its equity 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 the Company has 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 model is 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 any identified impairment is other-than-temporary. If any impairment is considered other-than-temporary, the Company will write down the asset to its fair value and take the corresponding charge to the Consolidated Statements of Comprehensive Income (loss).

The Company invests in marketable equity securities to meet business objectives and intends to hold the securities for more than a year from the balance sheet date. These marketable securities are reported at fair value, classified and accounted for as available-for-sale securities under Equity Investments. The treatment of a decline in the fair value of an individual security is based on whether the decline is other-than-temporary. The Company assesses its available-for-sale securities for other-than-temporary impairment by considering factors including, but not limited, its ability and intent to hold the individual security, severity of the impairment, expected duration of the impairment and forecasted recovery of fair value. Investments classified as available-for-sale securities are reported at fair value with unrealized gains or losses, if any, recorded in accumulated other comprehensive income in shareholders' equity. If the Company determines a decline in fair value is other-than-temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is accounted for as a realized loss charged to income. The fair value of the investment would then become the new cost basis of the investment and are not be adjusted for subsequent recoveries in fair value.

Convertible debt

The Company estimates the fair value of its convertible notes as of the date of issuance and as if the instrument was issued without the conversion feature. The difference between the fair value and the principal amount of the instrument was recorded as debt discount and as a component of equity. The debt discount was subsequently amortized as interest cost over its expected life of four years from its issuance date to its earliest conversion date. Convertible notes are classified as a current liability if they are or will be callable within one year from the balance sheet date, even though liquidation may not be expected within that period.

Revenue recognition

Advertising

Advertising revenues are derived principally from online advertising and, to a lesser extent, sponsorship arrangements. Online advertising arrangements allow advertisers to place advertisements on particular areas of the Company's websites, in particular formats and over particular periods of time. Advertising revenues from online advertising arrangements are recognized ratably over the contract period of display when the collectability is reasonably assured. Sponsorship arrangements allow advertisers to sponsor a particular area on its 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 the Company's websites are recognized ratably over the term of such programs.

Revenues for advertising services are recognized net of agency rebates. Advertising arrangements involving multiple deliverables are broken down into single-element arrangements based on their relative fair value for revenue recognition purposes. Starting January 1, 2011, the Company adopted the new revenue recognition policy on multiple-deliverable revenue arrangements, 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 of selling price, if it exists, otherwise, (b) third-party evidence of selling price. If neither (a) nor (b) exists, (c) the management's best estimate of the selling price for that deliverable is used. The Company recognizes revenue on the elements delivered and defers the recognition of revenue for the undelivered elements until the remaining obligations have been satisfied. Adoption of the revised guidance has had no material impact on the Company's consolidated financial statements.

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Revenues from barter transactions are recognized during the period in which the advertisements are displayed on the Company's properties. Barter transactions are recorded at the lower of the fair value of the goods and services received or the fair value of the advertisement given, provided the fair value of the transaction is reliably measurable. Revenues from barter transactions were immaterial for all periods presented.

Non-advertising

MVAS.

MVAS revenues are derived principally from providing mobile phone users with SMS, MMS, CRBT, WAP, IVR and KJAVA games. These services include news and other content subscriptions, picture and logo download, ring tones, ring back tones, mobile games and access to music files. 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.

The Company contracts with China Mobile and its subsidiaries, China Unicom and its subsidiaries, and China Telecom Corporation and its subsidiaries for billing, collection and transmission services related to the MVAS offered to its users. The Company also contracts with other service providers to provide content and to distribute MVAS or other services for us. Revenues are recorded on a gross basis when most of the gross indicators are met, such as the Company is considered the primary obligor in the arrangement, designs and develops (in some cases with the assistance of third-parties) the MVAS, has reasonable latitude to establish price, has discretion in selecting the operators to offer its MVAS, provides customer services related to the MVAS and takes 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.

The Company purchases certain contents from third-party content providers for its MVAS. In most of these arrangements, the fees payable to the third-party content providers are calculated based on certain percentages of the revenue earned by their contents after deducting the fees paid to the third-party operators. The Company's MVAS revenues are inclusive of such fees when the Company acts as the principal in these arrangements by having the ability to determine the fees charged to end users and being the primary obligor to the end users with respect to providing such services.

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 the Company's 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 the Company has 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.

Historically, due to the time lag of receiving billing statements from operators and the lack of adequate information to make estimates, the Company has adopted a one-month lag reporting policy for MVAS revenues. Such policy has been applied on a consistent basis and does not apply to MVAS revenues from acquired entities Memestar Limited and Crillion Corporation as the acquired entities were able to obtain timely and accurate information to support their revenue estimates through the acquisition dates which has continued since our acquisition. For the years ended December 31, 2012, 2011 and 2010, the Company recorded MVAS revenues in the amount of \$69.0 million, \$83.5 million and \$86.2 million, respectively. The impact of reporting in one-month lag for MVAS revenues was immaterial.

Fee-based services. Fee-based services allow the Company's users to subscribe to services on its websites including, membership fees and revenue share from game application developers, e-reading and paid personal/corporate email services. 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.

The online game related revenues are generated from selling virtual currency, which will later be converted by the game players into in-game credits (game tokens) that can be used to purchase virtual items in web games. The Company collects payments from the game players in connection with the sale of virtual currency and remit certain predetermined percentages of the proceeds to the game developers when the virtual currency is converted into in-game credits.

The Company has determined that the game developers are the primary obligors for the web game 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. The Company views the game developers to be its customers, and the Company's primary responsibility is to promote the games of web developers. Accordingly, the Company records online game revenues net of predetermined revenue sharing with the game developers.

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. Sale 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 within a short period of time after the purchase of in-game credits.

Web game revenue recognition involves certain management judgments, such as the determination of who is the principal in providing web game services and estimating the consumption date of in-game credits. The Company assesses the estimated consumption period periodically, taking into consideration of the estimated user relationship on a game by game basis. Using different assumptions for calculating the revenue recognition of web games 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 end-user behavior pattern.

Deferred revenues. Deferred revenues are mostly derived from the amended and restated advertising agency agreement, the domain name and content license agreement, the trademark license agreement and the software license and support services agreement ("License Agreements") SINA entered into with China Online Housing Technology Corporation ("COHT") in September 2009 as part of the Company's consideration for the interest in CRIC. The amount allocated to the fair value of the License Agreements was \$187.4 million, which represents the difference between the total consideration and the fair value of equity interests of COHT disposed. This amount was recorded as deferred revenues and amortized over the contract period of ten years. See Note 3 for further discussion related to equity investment in CRIC/E-house. Deferred revenues also consist of contractual billings in excess of recognized revenue and payments received in advance of revenue recognition.

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Costs of revenues

Advertising. Costs of advertising revenues consist mainly of costs associated with the production of websites, which includes fees paid to third parties for Internet connection, content and services, payroll-related expenses, and equipment depreciation associated with the website production.

The Company presents taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction on a gross basis in the financial statements. These taxes include 5.5% business taxes, surcharges and 3% cultural business construction fees of the advertising revenue in China. In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Program for Imposition of Value-Added Tax (“VAT”) to Replace Business Tax. With the implementation of the Pilot Program, the Company currently subject to 6.6% VAT and surcharges and 3% cultural business construction fees. See Taxation section below for our further discussion on the transition from PRC Business Tax to PRC Value Added Tax (“VAT”). The total amount of such taxes for 2012, 2011 and 2010 were \$39.5 million, \$32.5 million and \$27.2 million, respectively.

Non-advertising. Costs of non-advertising revenues consist mainly of fees paid to or retained by the third-party operators for their services relating to the billing and collection of the Company’s MVAS revenues and for using their transmission gateways. Costs of non-advertising revenues also consist of fees or royalties paid to third-party content and service providers associated with the MVAS, costs for providing the enterprise services and business taxes levied on non-advertising revenues in China. Business taxes and surcharges levied on non-advertising revenues are approximately 3.3% for mobile related revenues and 5.5% for other non-advertising revenues.

Advertising expenses

Advertising expenses consist primarily of costs for the promotion of corporate image, product marketing and direct marketing. The Company expenses all advertising costs as incurred and classify these costs under sales and marketing expense. The nature of the Company’s direct marketing activities is such that they are intended to acquire subscribers for subscription-based and usage-based MVAS. The Company expenses all such direct marketing expenses. Advertising expenses for 2012, 2011 and 2010 were \$72.4 million, \$87.2 million, and \$45.0 million, respectively.

Product development expenses

Product development expenses consist primarily of payroll-related expenses incurred for enhancement to and maintenance of the Company’s websites as well as costs associated with new product development and product enhancements. The Company expenses all costs incurred for the planning and post implementation phases of development and costs associated with repair or maintenance of the existing site or the development of website content. Since inception, the amount of costs qualifying for capitalization has been immaterial and, as a result, all product development costs have been expensed as incurred.

Operating leases

The Company leases office space under operating lease agreements with initial lease term up to four years. Rental expense is recognized from the date of initial possession of the leased property on a straight-line basis over the term of the lease. Certain lease agreements contain rent holidays, which are recognized on a straight-line basis over the lease term. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

Stock-based compensation

All stock-based awards to employees and directors, including stock options and restricted share units, are measured at the grant date based on the fair value of the awards. Stock-based compensation, net of forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options. The determination of estimated fair value of stock-based payment awards on the grant date using an option pricing model is affected by the Company’s stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the Company’s expected stock price volatility over the expected term of the awards, actual and projected employee stock option exercise behaviors, a risk-free interest rate and any expected dividends. Shares of our subsidiaries, 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, the replacement cost method, or a weighted blend of these approaches if more than one is applicable. Determination of estimated fair value of our subsidiaries 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. Options granted generally vest over four years.

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The Company recognizes 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. The Company recognizes the compensation cost, net of estimated forfeitures, over a vesting term of generally three to four years.

The Company recognizes the estimated compensation cost of performance-based restricted share units based on the fair value of its ordinary shares on the date of the grant. The rewards are earned upon attainment of identified performance goals. The Company recognizes the compensation cost, net of forfeitures, over the performance period. The Company also adjusts the compensation cost based on the probability of performance goal achievement at the end of each reporting period.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option and restricted share units forfeitures and record stock-based compensation expense only for those awards that are expected to vest. See Note 12 for further discussion on stock-based compensation.

Taxation

Income taxes

Income taxes are accounted for using the asset and liability approach. Under this approach, 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 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. The Company records a valuation allowance to reduce deferred tax assets to an amount for which realization is more likely than not.

Uncertain tax positions

To assess uncertain tax positions, the Company applies 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.

Transition from PRC Business Tax to PRC Value Added Tax

In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Program for Imposition of Value Added Tax ("VAT") to Replace Business Tax ("Pilot Program"). Pursuant to the Pilot Program, a VAT was initially imposed in Shanghai starting from January 1, 2012, to replace the business tax in the transport and shipping industry and some of the modern service industries. Effective September 1, 2012, the Pilot Program was expanded to eight other cities and provinces in China, including Beijing.

Business Tax had been imposed primarily on revenues from the provision of taxable services, assignments of intangible assets and transfers of real estate. Prior to the implementation of the pilot program, the Company's Business Tax rates, which vary depending upon the nature of the revenues being taxed, generally ranged from 3% to 5%. Under the Pilot Program, the Company's advertising revenues (starting from January 1 2012 in Shanghai and September 1, 2012 in Beijing respectively) and game revenues (starting from December 1, 2012) are now subject to a VAT of 6%, compared to 0% prior to the implementation. The Company's MVAS revenues are not within the scope of the Pilot Program and, thus, are still subject to business tax. VAT payable on goods sold or taxable on labor services for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. The implementation of the Pilot Program has not had a significant impact on the Company's consolidated statements of comprehensive income (loss) for the year ended December 31, 2012.

Foreign currency

The Company's reporting currency and functional currency are the U.S. dollar. The Company's operations in China and in international regions use their respective currencies as their functional currencies. The financial statements of these subsidiaries are remeasured into U.S. dollars using period-end rates of exchange for assets and liabilities and average rates of exchange in the period for revenues and expenses. Translation gains and losses are recorded in accumulated other comprehensive income or loss as a component of shareholders' equity. Translation gains or losses are not released to net income unless the associated net investment has been sold, liquidated, or substantially liquidated.

Foreign currency transactions denominated in currencies other than the functional currency are remeasured into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured into the functional currency using the applicable exchange rates at the balance sheet dates. Net gains and losses resulting from foreign exchange transactions are included in interest and other income.

Foreign currency translation adjustments to the Company's comprehensive (loss)/income for 2012, 2011 and 2010 were \$(2.3) million, \$22.2 million and \$10.6 million, respectively. The Company recorded a net foreign currency transaction loss of \$30,000 in 2012, a net foreign currency transaction gain of \$2.3 million in 2011, and a net foreign currency transaction gain of \$1.3 million in 2010. Gains in 2011 and 2010 resulted from the Chinese RMB appreciating against the U.S. dollar. Net foreign currency transaction gains or losses arise from transacting in a currency other than the functional currency of the entity.

Net income (loss) per share

Basic net income (loss) per share is computed using the weighted average number of ordinary shares outstanding during the period. Restricted share units are not considered outstanding in computation of basic earnings per share. Diluted net income (loss) per share is computed using the weighted average number of ordinary share and potential ordinary shares outstanding during the period under treasury stock method. Potential ordinary shares include options to purchase ordinary shares and restricted share units, and conversion of zero-coupon, convertible, subordinated notes, 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, the Company takes into account the effect on consolidated net income per share of dilutive shares of entities in which the Company holds equity interests that are accounted for using the equity method.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity of a company during a period from transactions and other events and circumstances excluding transactions resulting from investments from owners and distributions to owners. Comprehensive income (loss) for the periods presented includes net income (loss), foreign currency translation adjustments, share of change in other comprehensive income of equity investments one quarter in arrears, which are foreign currency translation adjustments, and unrealized gains (losses) on marketable securities classified as available-for-sale.

Recent accounting pronouncements

In July 2012, the FASB issued revised guidance on “Testing Indefinite-Lived Intangible Assets for Impairment.” The revised guidance applies to all entities, both public and nonpublic, that have indefinite-lived intangible assets, other than goodwill, reported in their financial statements. Under the revised guidance, an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform a quantitative impairment test by comparing the fair value with the carrying amount in accordance with *Subtopic 350-30*. An entity also has the option to bypass a qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. In conducting a qualitative assessment, an entity should consider the extent to which relevant events and circumstances, both individually and in the aggregate, could have affected the significant inputs used to determine the fair value of the indefinite-lived intangible asset since the last assessment. An entity also should consider whether there have been changes to the carrying amount of the indefinite-lived intangible asset when evaluating whether it is more likely than not that the indefinite-lived intangible asset is impaired. An entity should consider positive and mitigating events and circumstances that could affect its determination of whether it is more likely than not that the indefinite-lived intangible asset is impaired. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity’s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The revised guidance will not have a material impact on the Company’s consolidated financial position, results of operations or cash flows as it is disclosure in nature.

In February 2013, the FASB issued revised guidance on “Comprehensive Income: Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” The revised guidance does not change the current requirements for reporting net income or other comprehensive income in financial statements. However, the revised guidance requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The revised guidance is effective prospectively for reporting periods beginning after December 15, 2012 for public entities. The revised guidance will not have a material impact on the Company’s consolidated financial position, results of operations or cash flows, as it is disclosure-only in nature.

3. Equity Investments

Equity investments comprised of investments in publicly traded companies, privately held companies and limited partnerships. The following sets forth the changes in the Company's equity investments.

(In thousands)	Cost Method	Equity Method			Available for Sale Securities	Total
		(CRIC)	(E-House)	(Others)		
Balance at December 31, 2010	\$ 31,368	\$ 466,460	\$ —	\$ 7,917	\$ 2,368	\$ 508,113
Investments made	96,829	2,068	—	18,702	135,657	253,256
Income (loss) from investment	—	2,641	—	(1,175)	—	1,466
Investment impairment	(386)	(230,258)	—	—	(50,904)	(281,548)
Unrealized loss	—	—	—	—	(23,257)	(23,257)
Others	1,426	3,477	—	1,006	—	5,909
Balance at December 31, 2011	<u>129,237</u>	<u>244,388</u>	<u>—</u>	<u>26,450</u>	<u>63,864</u>	<u>463,939</u>
Investments made	34,623	—	190,669	10,300	68,661	304,253
Income (loss) from investment	—	(9,077)	(7,657)	6,004	—	(10,730)
Investment impairment	(8,580)	—	—	(1,546)	(8,372)	(18,498)
Unrealized gain	—	—	—	—	30,373	30,373
Disposal of investment	(1,584)	(236,212)	—	(260)	(66,407)	(304,463)
Others	190	901	742	168	—	2,001
Balance at December 31, 2012	<u>\$ 153,886</u>	<u>\$ —</u>	<u>\$ 183,754</u>	<u>\$ 41,116</u>	<u>\$ 88,119</u>	<u>\$ 466,875</u>

Cost Method

As of December 31, 2012, investments accounted for under the cost method were \$153.9 million. Investments were accounted for under the cost method if the Company had no significant influence or if the underlying shares were not considered in substance ordinary shares and had no readily determinable fair value. In October 2011, the Company invested \$50.0 million in Yunfeng Funds for the sole purpose of investment in Alibaba Group. Investments in limited partnerships such as the Yunfeng Funds, whose operating and financial policies the Company had virtually no influence over were also accounted for using the cost method.

Equity Method

As of December 31, 2012, investments accounted for under the equity method totaled \$224.9 million, which included a \$183.8 million investment in E-House. Investments are accounted for under the equity method when the Company has significant influence in the investment and the investment is considered in substance ordinary shares. Investments in limited partnerships, whose operating and financial policies the Company had virtually significant influence over were also accounted for using the equity method.

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The Company has filed CRIC's financial statements in our annual report on Form 20-F for the year ended December 31, 2011, as the 20% significant subsidiary test was met for the year in accordance with Rule 3-09 of Regulation S-X. On April 20, 2012, CRIC merged into and become a whole-owned subsidiary of E-House. Neither E-House nor CRIC accounts for significant subsidiary for the year ended December 31, 2012. The Company summarizes the condensed financial information of the Company's equity investments as a group below in accordance with Rule 4-08 of Regulation S-X. The condensed financial information included the result of CRIC before the transaction and the result of E-House after the transaction.

	Year Ended December 31, 2012 (In thousands)
Operating data:	
Revenue	\$ 528,198
Gross profit	\$ 276,876
Loss from operations	\$ (18,599)
Net loss	\$ (30,205)
Net loss attributable to our equity investments companies	\$ (23,740)
	December 31, 2012 (In thousands)
Balance sheet data:	
Current assets	\$ 789,381
Long-term assets	\$ 434,744
Current liabilities	\$ 249,963
Long-term liabilities	\$ 54,357
Non-controlling interests	\$ 6,189

Investment in E-House was accounted for using the equity method with the cost allocated as follows:

	April 20 2012 (In thousands)	December 31 2012 (In thousands)
Carrying value of investment in E-House	190,669	\$ 183,754
Proportionate share of E-house's net tangible and intangible assets *(1)	175,777	169,729
Excess of carrying value of investment proportionate share of E-house's net tangible and intangible assets	<u>14,892</u>	<u>\$ 14,025</u>
The excess of carrying value has been primarily assigned to:		
Goodwill	2,075	\$ 1,992
Amortizable intangible assets *(1)	17,207	16,086
Deferred tax liabilities	(4,390)	(4,053)
	<u>14,892</u>	<u>\$ 14,025</u>
Cumulative losses in equity interest	\$ —	\$ (7,657)

*(1) The weighted average life of the intangible assets recorded in E-House's financial statements was 8 years and the intangible assets not included in E-House's financial statements, excluding the asset with indefinite life, was 6 years.

Investment in CRIC was accounted for using the equity method with the cost allocated as follows:

	December 31 2011 (In thousands)
Carrying value of investment in CRIC	\$ 244,388
Proportionate share of CRIC's shareholders' equity *(1)	197,225
Excess of carrying value of investment over proportionate share of CRIC's shareholders' equity	<u>\$ 47,163</u>
The excess of carrying value has been primarily assigned to:	
Goodwill	\$ 24,511
Amortizable intangible assets *(1)	30,195
Deferred tax liabilities	(7,543)
	<u>\$ 47,163</u>
Cumulative earnings in equity interest	\$ 15,707

*(1) The weighted average life of the intangible assets recorded in CRIC's financial statements was 10 years and the intangible assets not included in CRIC's financial statements, excluding the asset with indefinite life, was 7 years.

In July 2009, the Company entered into a definitive agreement (the "Agreement") with E-House to merge E-House's real estate information and consulting services and COHT (the "Transaction"). E-House's real estate information and consulting services are operated by CRIC, a subsidiary of E-House. Under the Agreement, SINA would contribute its online real estate business into its majority-owned subsidiary COHT, and CRIC would issue its own ordinary shares to SINA to acquire SINA's equity interest in COHT in exchange for shares in CRIC. In September 2009, the Company entered into an amended and restated advertising agency agreement, a domain name and content license agreement, a trademark license agreement and a software license and support services agreement (the "License Agreements") with COHT as part of its consideration for the interest in CRIC.

In October 2009, the Transaction was consummated following the listing of CRIC on the NASDAQ Global Select Market. The

Company's interest in CRIC was valued at \$572.0 million based on CRIC's IPO price of \$12.00 per American depositary share. On CRIC's IPO date, the fair value of 66% equity interest in COHT was \$384.6 million which was determined by management with the assistance of a valuation consultant. Netting the value of the corresponding shares against the net assets of COHT (amounted to \$8.0 million including cash and cash equivalents of \$7.6 million and other total assets of \$11.9 million, net of total liabilities of \$11.5 million), the Company recorded a one-time gain of \$376.6 million resulting from the Transaction. The amount allocated to the fair value of the License Agreements was \$187.4 million, which represents the difference between the total consideration and the fair value of equity interests of COHT disposed. This amount was recorded as deferred revenues and amortized over the contract term of ten years. Please refer to Note 7 for further details.

Beginning October 1, 2009, the Company no longer consolidated the financial results of COHT and instead accounted for its interest in CRIC using the equity method of accounting, which is reported one quarter in arrears. In accordance with this lag reporting for its investment in CRIC, the Company did not record any equity income from CRIC for 2009. During 2011 and 2010, the Company acquired an additional \$2.1 million and \$8.9 million interest in CRIC in the open market, bringing its total ownership to approximately 34% as of December 31, 2011.

In the fourth quarter of 2010, based on an assessment of other-than-temporary impairment, the Company recorded a \$128.6 million charge to write down the investment in CRIC to its fair value, based on CRIC's quoted closing stock price of \$9.60 as of December 31, 2010. In the third quarter of 2011, based on an assessment of other-than-temporary impairment considering the degree and severity of the continued decline in CRIC's share price, decline in profit and business outlook for CRIC and the real estate industry in China, in general, the Company recorded an additional \$230.3 million charge to write down the investment in CRIC to its fair value, based on CRIC's quoted closing share price of \$4.92 as of September 30, 2011.

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On October 28, 2011, CRIC announced that its board of directors had received a non-binding proposal from E-House to acquire through a merger all of the outstanding shares of CRIC that are not owned by E-House. CRIC would be privatized and wholly-owned by E-House subsequent to the merger. Pursuant to the definitive merger agreement entered between CRIC and E-House on December 28, 2011, upon the terms and subject to the conditions thereof, at the effective time of the merger, each of the CRIC's ordinary shares ("CRIC shares") issued and outstanding immediately prior to the effective time of the merger (including CRIC shares represented by American depositary shares ("CRIC ADSs"), each of which represents one CRIC share) would be cancelled in exchange for the right to receive cash consideration of \$1.75, without interest, plus, in the case of each CRIC share (not including CRIC shares represented by CRIC ADSs), 0.6 E-House ordinary shares ("E-House shares"), or, in the case of each CRIC share represented by a CRIC ADS, 0.6 E-House American depositary shares ("E-House ADSs"), each of which represents one E-House share. The merger was subject to customary closing conditions and approval by the shareholders of CRIC.

On April 19, 2012, CRIC announced that it had obtained shareholders' approval and would merge into and become a 100% subsidiary of E-House as of April 20, 2012. Consequently, the Company's interest in CRIC was converted into 29.3 million ordinary shares of E-House, equivalent to a 24.9% interest in E-House and \$85.5 million in cash. As a result of the merger, the Company recognized a one-time gain of \$45.3 million, which was the difference between the considerations received and the carrying value of the investment in CRIC at the transaction date, after offsetting the cumulative currency translation adjustments previously recorded for CRIC as other comprehensive income. Earnings/(loss) from CRIC for the period from April 1, 2012 to April 19, 2012 is not material and has been included in the disposal gain of \$45.3 million.

The Company performs an impairment assessment of its investments under the cost method and equity method whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. In 2012, the Company recorded \$8.6 million and \$1.5 million in impairment charges to the carrying value of its investments under the cost method and equity method, respectively. As of December 31, 2012, the Company concluded that there was no other-than-temporary impairment on its cost method and equity method investments.

Available-for-Sale Securities

The following table shows the carrying amount and fair value of marketable securities:

	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Tudou	66,407	—	(38,215)	28,192
MCOX	15,081	—	(2,323)	12,758
Others	\$ 5,633	\$ 17,281	\$ —	\$ 22,914
December 31, 2011	\$ 87,121	\$ 17,281	\$ (40,538)	\$ 63,864
Youku Tudou	67,425	—	—	67,425
MCOX	6,709	—	(660)	6,049
Others	\$ 6,001	\$ 8,644	\$ —	\$ 14,645
December 31, 2012	\$ 80,135	\$ 8,644	\$ (660)	\$ 88,119

Investments in marketable securities are held as available-for-sale and reported at fair value, which totaled \$88.1 million as of December 31, 2012. As of December 31, 2012, the Company's investments in marketable securities included \$67.4 million in Youku Tudou Inc. ("Youku Tudou") shares and \$6.0 million in Mecox Lane Limited ("MCOX") shares. The Company incurred a total impairment charge of \$8.4 million on its investment in MCOX in 2012 and has reduced its cost basis by that amount. Net unrealized gains as of December 31, 2012 were \$8.0 million.

On March 12, 2012, Youku Inc ("Youku") announced that it had signed a definitive agreement to merge with Tudou Holdings Limited ("Tudou") in a 100% stock-for-stock transaction. The merger was completed on August 24, 2012, and, based on the conversion ratio of each Tudou ADS for 1.595 Youku ADS, the Company's investment in Tudou was converted into 3.7 million ADSs of Youku Tudou with a fair market value of \$67.4 million as of closing. As a result of the merger, the Company recognized a one-time investment gain of \$7.2 million. In March 2012, the Company disposed 250,000 shares of Tudou and recognized a one-time gain of \$3.0 million.

The Company reviews its available-for-sale investments regularly to determine if an investment is other-than-temporarily impaired due to changes in quoted market price or other impairment indicators. For the period ending June 30, 2012 and September 30, 2012, the Company recognized an impairment charge of \$4.2 million on its investment in MCOX for each of the two periods, considering the business outlook of MCOX and the overall e-commerce in China, in general, the financial condition and outlook of MCOX, as well as the severity and duration of the drop in share prices compared to the carrying value. Changes in market conditions and other facts and circumstances may change the business prospects of these issuers, our assessment that these investments are not other-than-temporarily impaired, as well as our ability and current intent to hold these securities until the prices recover.

4. Goodwill and Intangible Assets

The Company's goodwill as of December 31, 2012 and 2011 was \$15.2 million, which was related to the acquisitions of Davidhill Capital Inc., a British Virgin Islands limited liability corporation, and its UC instant messaging product in 2004 and a privately held web-application development firm in 2008. As of December 31, 2012, the Company performed a qualitative assessment of its advertising business, based on its qualitative assessment by taking into consideration of macroeconomics, overall financial performance, industry and market conditions and the share price of the Company, and concluded no other-than-temporarily impairment on its goodwill existed.

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The following table summarized the Company's intangible assets:

	December 31, 2012			December 31, 2011		
	Cost	Accumulated Amortization (In thousands)	Net	Cost	Accumulated Amortization (In thousands)	Net
Technology*	\$ 11,012	\$ (11,012)	\$ —	\$ 11,012	\$ (10,923)	\$ 89
Software*	1,844	(1,844)	—	1,844	(1,844)	—
Other	775	(94)	681	775	(49)	726
Total	<u>\$ 13,631</u>	<u>\$ (12,950)</u>	<u>\$ 681</u>	<u>\$ 13,631</u>	<u>\$ (12,816)</u>	<u>\$ 815</u>

* Intangible assets are amortized over the estimated useful lives in the range of two to ten years.

Amortization expense related to intangible assets for the years ended December 31, 2012, 2011 and 2010 was \$0.1 million, \$0.7 million and \$3.3 million, respectively. As of December 31, 2012, estimated amortization expenses for future periods were expected to be as follows:

Year Ended December 31,	(In thousands)
2013	\$ 45
2014	45
2015	45
2016	45
Thereafter	179
Total expected amortization expense	<u>\$ 359</u>

5. Cash, Cash Equivalents and Short-term Investments

Cash, cash equivalents and short-term investments consisted of the following:

	December 31,	
	2012	2011
	(In thousands)	
Cash and cash equivalents:		
Cash	\$ 144,200	\$ 178,922
Cash equivalents:		
Bank time deposits	45,621	126,127
Money market funds	10,005	208,931
	<u>55,626</u>	<u>335,058</u>
	199,826	513,980
Short-term investments:		
Bank time deposits	513,772	159,495
Total cash, cash equivalents and short-term investments	<u>\$ 713,598</u>	<u>\$ 673,475</u>

The carrying amounts of cash, cash equivalents and short-term investments approximate fair values. Interest income for the years ended December 31, 2012, 2011 and 2010 was \$17.0 million, \$13.7 million and \$7.4 million, respectively. The maturity of these time deposits was within one year.

6. Balance Sheet Components

	December 31,	
	2012	2011
(In thousands)		
Accounts receivable, net:		
Accounts receivable	\$ 146,305	\$ 123,961
Allowance for doubtful accounts:		
Balance at beginning of year	(11,492)	(9,262)
Additional provision charged to expenses	(3,869)	(2,530)
Write-off	4,307	300
Balance at end of year	<u>(11,054)</u>	<u>(11,492)</u>
	<u>\$ 135,251</u>	<u>\$ 112,469</u>
Prepaid expenses and other current assets:		
Content fees	\$ 7,511	\$ 9,325
Rental and other deposits	7,261	8,124
Prepayments for investments	6,444	15,053
Current deferred tax assets	4,161	2,057
Others	11,121	7,407
	<u>\$ 36,498</u>	<u>\$ 41,966</u>
Property and equipment, net:		
Computers and equipment	\$ 174,132	\$ 154,674
Leasehold improvements	11,613	8,436
Furniture and fixtures	9,014	7,270
Other	1,350	760
	<u>196,109</u>	<u>171,140</u>
Less: Accumulated depreciation	<u>(119,469)</u>	<u>(96,629)</u>
	<u>\$ 76,640</u>	<u>\$ 74,511</u>
Other assets:		
Investment deposits	\$ 14,464	\$ 4,262
Prepayment for land use right	21,188	—
Non-current deferred tax assets	1,660	—
Others	892	4,851
	<u>\$ 38,204</u>	<u>\$ 9,113</u>
Accrued liabilities:		
Sales rebates	\$ 40,031	\$ 30,508
Content fees	24,270	26,672
Accrued compensation and benefits	17,998	13,443
Marketing expenses	15,918	19,250
Employee payroll withholding taxes	5,494	3,342
Advertisement production costs	8,577	7,625
Business taxes and VAT payable	9,514	10,367
Sales commissions	6,479	5,030
Professional fees	3,442	3,345
Internet connection costs	8,948	6,728
Revenue share	5,176	843
Outside services	4,061	2,243
Others	18,769	11,080
	<u>\$ 168,677</u>	<u>\$ 140,476</u>

7. Related Party Transactions

Based on the amended and restated advertising agency agreements with CRIC, agency fees earned from COHT for 2012, 2011 and 2010, calculated at 15% of COHT's revenue generated from the sales of advertising on SINA's non-real estate channels, were \$5.1 million, \$3.5 million, and \$2.5 million respectively. As of December 31, 2012 and 2011, receivables due from COHT were \$2.5 million and \$1.9 million, respectively. In addition, the Company entered into certain license agreements at the time of the transaction with CRIC. The fair value of these license agreements were measured at \$187.4 million and was recognized as deferred revenues and amortized on a straight line basis over the contract period of ten years. The amortized deferred revenues for 2012 and 2011 were \$18.7 million and \$18.7 million, respectively.

Revenues from related parties, excluding those from CRIC stated above, represented approximately 2% of net advertising revenues for 2012. Transactions with related parties included in costs of revenue represented approximately 4% for 2012 and in sales and marketing expenses represented less than 1%. The Company believes that the terms of the agreements with the related parties are comparable to the terms in arm's-length transactions with third-party customers and vendors.

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One of the Company's subsidiaries entered into an agreement with Broadvision Inc. ("Broadvision") whose Chairman, Chief Executive Officer and President Pehong Chen is a director of SINA. Under this agreement, Broadvision provides HR information management hosting service, including software subscription, system upgrade and technical support. For 2012, 2011 and 2010, services fee to Broadvision are approximately \$146,000, \$126,000 and \$112,000, respectively. There was no payable outstanding as of December 31, 2012.

8. Income Taxes

The Company is registered in the Cayman Islands and has operations in four tax jurisdictions — the PRC, the U.S., Hong Kong and Taiwan. The operations in Taiwan represent a branch office of the subsidiary in the U.S. For operations in the U.S., Hong Kong and Taiwan, the Company has incurred net accumulated operating losses for income tax purposes. The Company believes that it is more likely than not that these net accumulated operating losses will not be utilized in the future. Therefore, the Company has provided full valuation allowance for the deferred tax assets arising from the losses at these locations as of December 31, 2012.

The components of income before income taxes are as follows:

	Year Ended December 31,		
	2012	2011	2010
	(In thousands, except percentage)		
Income (loss) before income tax expenses	\$ 34,585	\$ (297,417)	\$ (10,903)
Income (loss) from non-China operations	\$ 19,590	\$ (362,692)	\$ (119,054)
Income from China operations	\$ 14,995	\$ 65,275	\$ 108,151
Income tax expenses applicable to China operations	\$ 2,730	\$ 5,001	\$ 8,436
Effective tax rate for China operations	18%	8%	8%

The Company generated substantially all of its operating income from its PRC operations for the years ended December 31, 2012, 2011 and 2010, and has recorded income tax provisions for these years. In 2012, the Company's Cayman Islands operations recorded impairment charges totaling \$8.4 million related to its investments in MCOX, a gain of \$45.3 million related to its disposal of investment CRIC and a gain of \$10.2 million from its disposal of investment in Tudou. In 2011, the Company's Cayman Islands operations recorded impairment charges totaling \$281.2 million related to its investments in CRIC and MCOX and an impairment charge of \$68.9 million related to its MVAS goodwill. In 2010, the Cayman Islands operations recorded an impairment charge of \$128.6 million related to its investment in CRIC. See also Note 3 and 4 to the Consolidated Financial Statements for further discussion.

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

China

Prior to January 1, 2008, the Company's subsidiaries and variable interest enterprises ("VIEs") were governed by the previous Income Tax Law (the "Previous IT Law") of China. Under the Previous IT Law, the Company's subsidiaries and VIEs were generally subjected to enterprise income taxes at a statutory rate of 33% (30% state income tax plus 3% local income tax) or 15% for qualified high and new technology enterprises. In addition to a preferential statutory rate, some of the Company's high and new technology subsidiaries were entitled to special tax holidays of three-year tax exemption followed by three years at a 50% reduction in the tax rate, commencing the first operating year.

Effective January 1, 2008, the new Enterprise Income Tax Law (the "EIT Law") in China supersedes the Previous IT Law and unifies the enterprise income tax rate for VIEs and foreign-invested enterprises ("FIEs") at 25%. The EIT Law provides a five-year transitional period for certain entities that enjoyed a favorable income tax rate of less than 25% and/or a preferential tax holiday under the Previous IT Law and were established before March 16, 2007, to gradually increase their rates to 25%. In addition, high and new technology enterprises continue to enjoy a preferential tax rate of 15%. The EIT Law also provides grandfather treatment for high and new technology enterprises that received special tax holidays under the Previous IT Law to continue to enjoy their tax holidays until expiration provided that specific conditions are met. Three of the Company's subsidiaries in China, SINA.com Technology (China) Co., Ltd., SINA Technology (China) Co., Ltd. and Beijing New Media Information Technology Co., Ltd., were qualified as high and new technology enterprises under the new EIT Law. In addition, SINA (Shanghai) Management Co., Ltd., was qualified a software enterprise in 2010 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.

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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 of the EIT 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, the Company does 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 SINA be treated as a resident enterprise for PRC tax purposes, the Company 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 IT Law. The Cayman Islands, where the Company 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 immediate 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 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 the Company’s 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, 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, 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 the Company’s Board allows the Company to distribute PRC earnings offshore only if the Company does not have to pay a dividend tax. Such policy may require the Company to reinvest all earnings made since 2008 onshore indefinitely or be subject to a significant withholding tax should its policy change to allow for earnings distribution offshore. As of December 31, 2012, the Company did not record any withholding tax on the retained earnings of its FIEs in the PRC as the Company intends to reinvest all earnings in China since 2008 to further expand its business in China, and its FIEs do not intend to declare dividends on the retained earnings made since 2008 to their immediate foreign holding companies.

The Company’s VIEs are wholly owned by the Company’s employees and controlled by the Company through various contractual agreements. To the extent that these VIEs have undistributed earnings, the Company will accrue appropriate expected tax associated with repatriation of such undistributed earnings.

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. The Company believes that there was reasonable business purpose for the merger of COHT with CRIC, which was to realize the business synergy created by the merger to form a real estate information services platform both online and offline with diversified revenue streams, serving both real estate businesses and consumers. The simultaneous initial public offering allowed the combined company to raise additional capital to fund its future growth. Due to limited guidance and implementation history of the circular, significant judgment is required in the determination of a reasonable business purpose for an equity transfer by our non-China tax resident entity by considering factors, including but not limited to, the form and substance of the arrangement, time of establishment of the foreign entity, relationship between each step of the arrangement, relationship between each component of the arrangement, implementation of the arrangement and the changes in the financial position of all parties involved in the transaction. Although the Company believes that it is more likely than not the said transaction would be determined as one with a reasonable business purpose, should this not be the case, the Company would be subject to a significant withholding tax that could materially and adversely impact its financial position, results of operations and cash flows.

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Composition of income tax expenses for China operations

The following table sets forth current and deferred portion of income tax expenses of the Company's China subsidiaries and VIEs:

	Year Ended December 31,		
	2012	2011	2010
	(In thousands)		
Current tax provision	\$ 6,245	\$ 5,930	\$ 9,142
Deferred tax (benefits) provision	(3,515)	(929)	(706)
Income tax expenses	<u>\$ 2,730</u>	<u>\$ 5,001</u>	<u>\$ 8,436</u>

Reconciliation of the differences between statutory tax rate and the effective tax rate for China operations

The following table sets forth reconciliation between the statutory EIT rate and the effective tax rate for China operations:

	Year Ended December 31,		
	2012	2011	2010
Statutory EIT rate	25%	25%	25%
Effect on tax holiday and preferential tax rate	(12)%	(18)%	(18)%
Permanent differences	4%	1%	1%
Change in valuation allowance	1%	—	—
Effective tax rate for China operations	<u>18%</u>	<u>8%</u>	<u>8%</u>

The provisions for income taxes for the years ended December 31, 2012, 2011 and 2010 differ from the amounts computed by applying the EIT primarily due to the tax holidays and the preferential tax rate enjoyed by certain of the Company's entities in the PRC. The lower effective tax rate of the Company's PRC operations for 2011 and 2010 was primarily due to additional tax holidays received from a newly qualified subsidiary. The effective tax rate of the Company's PRC operations for 2012 increased to 18% due to the expiration of tax holidays and the increase in non-deductible expenses.

The following table sets forth the effect of tax holiday related to China operations:

	Year Ended December 31,		
	2012	2011	2010
	(In thousands, except per share amount)		
Tax holiday effect	\$ 1,713	\$ 10,306	\$ 20,303
Basic net income (loss) per share effect	\$ 0.03	\$ 0.16	\$ 0.33
Diluted net income (loss) per share effect	\$ 0.03	\$ 0.16	\$ 0.33

The following table sets forth the significant components of deferred tax assets and liabilities for China operations:

	December 31,		
	2012	2011	2010
	(In thousands)		
Deferred tax assets:			
Net operating loss carryforwards	\$ 3,187	\$ 7,076	\$ —
Allowances for doubtful accounts, accruals and other liabilities	12,977	6,513	5,596
Depreciation	467	351	202
Total deferred tax assets	16,631	13,940	5,798
Less: valuation allowance	(10,810)	(11,883)	(4,787)
Net deferred tax assets	<u>\$ 5,821</u>	<u>\$ 2,057</u>	<u>\$ 1,011</u>
Including - Current deferred tax assets	4,161	2,057	1,011
- Non-current deferred tax assets	1,660	—	—
Deferred tax liabilities:			
Depreciation	(389)	(65)	(223)
Others	(199)	(275)	—
Total deferred tax liabilities	<u>\$ (588)</u>	<u>\$ (340)</u>	<u>\$ (223)</u>
Including - Current deferred tax liabilities	(199)	(340)	(223)
- Non-current deferred tax liabilities	(389)	—	—

Valuation allowance is provided against deferred tax assets when the Company determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Company considered factors including (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary differences and carryforwards; and (iii) tax planning strategies. Historically, deferred tax assets were valued using the previous statutory rate of 25% or applicable preferential rates. As of December 31, 2012, the Company had no unrecognized tax benefits and net operating loss carryforwards totaling \$3.2 million, of which \$1.6 million were provided with valuation allowance and the remaining \$1.6 million is due to expire in December 31, 2017.

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U.S.

As of December 31, 2012, the Company's subsidiary in the U.S. had approximately \$85.0 million of federal and \$30.2 million of state net operating loss carryforwards available to offset future taxable income. The federal net operating loss carryforwards will expire, if unused, in the years ending June 30, 2018 through December 31, 2032, and the state net operating loss carryforwards will expire, if unused, in the years ending June 30, 2013 through December 31, 2032. Included in the net operating loss carryforwards were \$39.1 million and \$25.3 million of federal and state net operating loss carryforwards relating to employee stock options, the benefit of which will be credited to equity when realized. The Tax Reform Act of 1986 limits the use of net operating loss and tax credit carryforwards in certain situations when changes occur in the stock ownership of a company. In the event the Company has a change in ownership, utilization of carryforwards could be restricted. The deferred tax assets for the U.S. subsidiary at December 31, 2012 consisted mainly of net operating loss carryforwards, for which a full valuation allowance has been provided, as management believes it is more likely than not that these assets will not be realized in the future.

The following table sets forth the significant components of the net deferred tax assets for operation in the U.S.:

	December 31,		
	2012	2011	2010
	(In thousands)		
Deferred tax assets:			
Net operating loss carryforwards	\$ 30,884	\$ 30,435	\$ 30,327
Other tax credits, allowances for doubtful accounts, accruals and other liabilities	488	468	503
Total deferred tax assets	31,372	30,903	30,830
Less: valuation allowance	(31,372)	(30,903)	(30,830)
Deferred tax assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Hong Kong

As of December 31, 2012, the Company's Hong Kong subsidiary had approximately \$18.0 million of net operating loss carryforwards which can be carried forward indefinitely to offset future taxable income. As of December 31, 2012, the deferred tax assets for the Hong Kong subsidiary, consists mainly of net operating loss carryforwards, for which a full valuation allowance has been provided. Management believes it is more likely than not that these assets will not be realized in the future.

The following table sets forth the significant components of the net deferred tax assets for Hong Kong operation:

	December 31,		
	2012	2011	2010
	(In thousands)		
Deferred tax assets:			
Net operating loss carryforwards	\$ 2,978	\$ 2,708	\$ 2,584
Less: valuation allowance	(2,978)	(2,708)	(2,584)
Deferred tax assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Aggregate deferred tax assets and liabilities

The following table sets forth the significant components of the aggregate deferred tax assets and liabilities:

	December 31,		
	2012	2011	2010
	(In thousands)		
Deferred tax assets included in prepaid expenses and other current assets and other assets:			
Net operating loss carryforwards	\$ 37,049	\$ 40,219	\$ 32,911
Allowances for doubtful accounts, accruals and other liabilities	13,465	6,981	5,753
Depreciation	467	351	202
Other tax credits	—	—	346
Total deferred tax assets	50,981	47,551	39,212
Less: valuation allowance	(45,160)	(45,494)	(38,201)
Net deferred tax assets	<u>\$ 5,821</u>	<u>\$ 2,057</u>	<u>\$ 1,011</u>
Deferred tax liabilities included in accrued liabilities:			
Depreciation	(389)	(65)	(223)
Others	(199)	(275)	—
Total deferred tax liabilities	<u>\$ (588)</u>	<u>\$ (340)</u>	<u>\$ (223)</u>

9. Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the weighted average number of the ordinary shares outstanding during the period. Restricted share units are not considered outstanding in the computation of basic earnings per share. Diluted net income (loss) per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period under treasury stock method. 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, the Company takes into account the effect on consolidated net income per share of dilutive shares of entities in which the Company holds equity interests that are accounted for using the equity method. For the years ended December 31, 2012, 2011 and 2010, options to purchase ordinary shares, restricted share units and convertible bond that were anti-dilutive and excluded from the calculation of diluted net income (loss) per share were approximately 577,000, 1,703,000 and 4,814,000, respectively.

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	Year Ended December 31,		
	2012	2011	2010
(In thousands, except per share amounts)			
Basic net income per share calculation:			
Numerator:			
Net income (loss) attributable to SINA	\$ 31,738	\$ (302,092)	\$ (19,094)
Denominator:			
Weighted average ordinary shares outstanding	66,401	65,121	61,216
Basic net income (loss) per share attributable to SINA	\$ 0.48	\$ (4.64)	\$ (0.31)
Diluted net income (loss) per share calculation:			
Numerator:			
Net income (loss) attributable to SINA	\$ 31,738	\$ (302,092)	\$ (19,094)
Less: Effect on consolidated net income per share of dilutive shares of the Company's equity investments	(555)	—	—
Net income (loss) attributable for calculating diluted net income (loss) per share	31,183	(302,092)	(19,094)
Denominator:			
Weighted average ordinary shares outstanding	66,401	65,121	61,216
Weighted average ordinary shares equivalents:			
Stock options	294	—	—
Unvested restricted shares	104	—	—
Convertible debt	50	—	—
Shares used in computing diluted net income (loss) per share attributable to SINA	66,849	65,121	61,216
Diluted net income (loss) per share attributable to SINA	\$ 0.47	\$ (4.64)	\$ (0.31)

10. Employee Benefit Plans

China Contribution Plan

The Company's subsidiaries and VIEs in China participate in a government-mandated, multi-employer, defined contribution plan, pursuant to which certain retirement, medical, housing and other welfare benefits are provided to employees. Chinese labor laws require the Company's subsidiary to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly basic compensation of qualified employees. The local labor bureau is responsible for meeting all retirement benefit obligations; the Company has no further commitments beyond its monthly contribution. For the years ended December 31, 2012, 2011 and 2010, the Company contributed a total of \$31.2 million, \$19.8 million and \$12.2 million, respectively.

401(k) Savings Plan

The Company's U.S. subsidiary has a savings plan that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). Under the 401(k) Plan, participating employees may defer 100% of their eligible pretax earnings up to the Internal Revenue Service's annual contribution limit. All employees on the U.S. payroll of the Company age 21 years or older are eligible to participate in the 401(k) Plan. The Company has not been required to contribute to the 401(k) Plan.

11. Profit Appropriation

The Company's subsidiaries and VIEs in China are required to make appropriations to certain non-distributable reserve funds. In accordance with the laws applicable to China's Foreign-Invested Enterprises ("FIEs"), its subsidiaries have to make appropriations from its after-tax profit (as determined under Generally Accepted Accounting Principles in the PRC ("PRC GAAP")) to non-distributable reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. General reserve fund is at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. The appropriation of the other two reserve funds is at the Company's discretion. At the same time, the Company's VIEs, in accordance with the China Company Laws, must make appropriations from its after-tax profit (as determined under the PRC GAAP) to non-distributable reserve funds including (i) statutory surplus fund, (ii) statutory public welfare fund and (iii) discretionary surplus fund. Statutory surplus fund is at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriation to the statutory public welfare fund is 5% to 10% of the after-tax profits calculated in accordance with the PRC GAAP. Effective January 1, 2006 under the revised China Company Laws, appropriation to the statutory public welfare fund is no longer mandatory. Appropriation to discretionary surplus fund is made at the discretion of the Company.

General reserve fund and statutory surplus fund are restricted for set off against losses, expansion of production and operation or increase in register capital of the respective company. Statutory public welfare fund is restricted to the capital expenditures for the collective welfare of employees. These reserves are not transferable to the Company in the form of cash dividends, loans or advances. These reserves are therefore not available for distribution except in liquidation. As of December 31, 2012 and 2011, the Company was subject to a maximum appropriation of \$24.5 million and \$18.1 million, respectively, to these non-distributable reserve funds.

12. Shareholders' Equity

Stockholder Rights Plan

In 2005, the Company put in place a Rights Plan to protect the best interests of all shareholders. In general, the Plan vests stockholders of SINA with rights to purchase ordinary shares of the Company at a substantial discount from those securities' fair market value upon a person or group acquiring, without the approval of the Board of Directors, more than 10% of the Company's ordinary shares. Any person or group who triggers the purchase right distribution becomes ineligible to participate in the Plan, causing substantial dilution of such person or group's holdings. The rights will expire on February 22, 2015.

In addition, the Company's Board of Directors has the authority, without further action by its 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 its 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. 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 the Company.

Amended and Restated 2007 Share Incentive Plan

On June 29, 2007, the Company adopted the 2007 Share Incentive Plan (the “2007 Plan”), which plan was amended and restated on August 2, 2010 (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 Amended and Restated 2007 Plan will terminate on August 1, 2015, unless it is terminated earlier by our Board of Directors. Under the plan, a total of 10,000,000 ordinary shares of the Company are available for issuance. The maximum number of ordinary shares available for issuance will be reduced by one share for every one share issued pursuant to a share option or share appreciation right and by 1.75 share for every one share issued as restricted shares or pursuant to a restricted shares unit. 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 the 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 adoption, the 2007 Plan replaced the existing 1999 Stock Plan and 1999 Directors’ Stock Option Plan and, as a result, no additional awards could be made under such plans. As of December 31, 2012, there were 913,000 options and 428,000 restricted share units outstanding under the Amended and Restated 2007 Plan.

1999 Stock Plan

In May 1999, the Company adopted the 1999 Stock Plan (the “1999 Plan”). The 1999 Plan provides for the granting of stock options to employees, consultants and directors of the Company. Options granted under the Plan may be either incentive stock options or nonqualified stock options. Incentive stock options (“ISO”) may be granted only to Company employees (including officers and directors who are also employees). Nonqualified stock options (“NSO”) may be granted to Company employees and consultants. Options under the Company’s 1999 Plan may be granted for a term of up to ten years and at prices determined by the Board of Directors of the Company, provided, however, that the exercise price of an ISO shall not be less than 100% of the fair value of the shares on the date of grant or, if granted to a 10% shareholder, shall not be less than 110% of the fair value of the shares on the date of grant. The exercise price of an NSO granted to an executive officer of the Company shall not be less than 100% of the fair value of the shares on the date of grant if such option is intended to qualify as performance-based compensation under Section 162(m) of the US Internal Revenue Code of 1986, as amended. Options granted under the 1999 Plan generally vest over a 4-year term. Certain grants are exercisable immediately under such terms and conditions as determined by the Board of Directors. Ordinary shares issued upon such early exercises are subject to rights of repurchases by the Company until such shares become fully vested. As of December 31, 2012, there were a total of 129,000 options outstanding under the 1999 Plan.

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1999 Directors' Stock Option Plan

In October 1999, the Board approved the 1999 Directors' Stock Option Plan (the "Directors' Plan") covering an aggregate of 750,000 ordinary shares. The Directors' Plan became effective on the effective date of the initial public offering and provides a non-employee director after the completion of the offering (1) a non statutory stock option to purchase 37,500 ordinary shares on the date on which he or she first becomes a member of the Board of Directors, and (2) an additional non statutory stock option to purchase 15,000 shares on the date of each annual shareholders' meeting immediately thereafter, if on such date he or she has served on the Board for at least six months. All options granted under the Directors' Plan shall have an exercise price equal to 100% of the fair value of the shares on the date of grant and shall have a term of 10 years from the date of grant. All options granted under the Directors' Plan vest in full immediately upon grant. On September 27, 2005, the shareholders of the Company approved an increase to the aggregate number of ordinary shares issuable under the Directors' Plan from 750,000 ordinary shares to 1,125,000 ordinary shares. As of December 31, 2012, 167,000 options were outstanding under the Directors' Plan.

Stock-based Compensation

The following table sets stock-based compensation included in each of the accounts:

	Year Ended December 31,		
	2012	2011	2010
	(In thousands)		
Costs of revenues	\$ 3,154	\$ 3,346	\$ 2,989
Sales and marketing	3,729	3,155	2,369
Product development	3,776	3,082	1,812
General and administrative	8,699	7,024	6,232
	<u>\$ 19,358</u>	<u>\$ 16,607</u>	<u>\$ 13,402</u>

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options.

As of December 31, 2012, there was \$33.0million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested stock-based awards granted to the Company's employees and non-employee directors that will be recognized over a weighted-average period of 2.8 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

Valuation of Stock Options

The assumptions used to value the Company's option grants were as follows:

	Year Ended December 31,		
	2012	2011	2010
Stock options:			
Expected term (in years)	3.8-4.0	—	—
Expected volatility	62%-63%	—	—
Risk-free interest rate	0.4%	—	—
Expected dividend yield	0	—	—

No option was granted in 2011 and 2010. Expected term represents the weighted average period of time that stock-based awards granted are expected to be outstanding giving consideration to historical exercise patterns. The simplified method was used for 2012 due to the lack of industry comparison. Expected volatilities are based on historical volatilities of the Company's ordinary shares over the respective expected term of the stock-based awards. Risk-free interest rate is based on US Treasury zero-coupon issues with maturity terms similar to the expected term on the stock-based awards. The Company does not anticipate paying any cash dividends in the foreseeable future.

The following table sets forth the summary of number of shares available for issuance:

	Shares Available (In thousands)
December 31, 2010	6,742
Granted*	(604)
Cancelled/expired/forfeited	21
December 31, 2011	6,159
Granted*	(1,040)
Cancelled/expired/forfeited	133
December 31, 2012	<u>5,252</u>

* In 2012 and 2011, 246,000 and 345,000 restricted shares units, or 430,500 and 603,750 equivalent option shares, respectively, were granted.

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Stock Options

The following table sets forth the summary of option activities under the Company's stock option program:

	Options Outstanding (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Aggregate Intrinsic Value (In thousands)
December 31, 2010	1,021	\$ 29.34	3.06	\$ 40,321
Exercised	(239)	\$ 25.78		
Cancelled/expired/forfeited	(2)	\$ 33.01		
December 31, 2011	780	\$ 30.42	2.08	\$ 16,832
Granted	610	50.75		
Exercised	(180)	\$ 24.71		
Cancelled/expired/forfeited	(1)	\$ 32.84		
December 31, 2012	1,209	\$ 41.53	3.50	\$ 11,183
Vested and expected to vest as of December 31, 2011	780	\$ 30.42	2.08	\$ 16,831
Exercisable as of December 31, 2011	744	\$ 30.17	2.07	\$ 16,235
Vested and expected to vest as of December 31, 2012	1,181	\$ 41.33	3.45	\$ 11,156
Exercisable as of December 31, 2012	689	\$ 34.66	1.98	\$ 10,826

The total intrinsic value of options exercised during 2012, 2011 and 2010 was \$6.8 million, \$17.6 million and \$13.9 million, respectively. The intrinsic value is calculated as the difference between the market value on the date of exercise and the exercise price of the shares. Cash received from the exercises of stock option during 2012, 2011 and 2010 was \$4.4 million, \$6.2 million and \$12.5 million. As reported by the NASDAQ Global Selected Market, the Company's ending stock price as of December 31, 2012 and 2011 was \$50.22 and \$52.00, respectively.

As of December 31, 2012, there was \$11.1 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested stock options granted to the Company's employees and directors. This cost is expected to be recognized over a weighted-average period of 2.6 years. Total unrecognized compensation cost may be adjusted for future changes in estimated forfeitures.

Information regarding the stock options outstanding at December 31, 2012 is summarized below:

Range of Exercise Prices	Options Outstanding (In thousands)	Weighted Average Exercise Price	Options Exercisable (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)
\$12.98 - \$24.23	129	\$ 20.91	129	\$ 20.91	1.38
\$24.39 - \$30.35	107	\$ 27.33	107	\$ 27.33	2.41
\$33.29 - \$33.29	183	\$ 33.29	183	\$ 33.29	1.17
\$33.68 - \$51.48	790	\$ 48.73	270	\$ 45.07	4.53
	1,209	\$ 41.53	689	\$ 34.66	3.50

In August 2010, the Company's subsidiary Weibo Corporation (formerly known as T.CN Corporation) adopted a 2010 Share Incentive Plan (the "2010 T.CN Plan"), which permits the granting of stock options, share appreciation rights, restricted share units and restricted shares of T.CN to employees, directors and consultants. The Company granted options of Weibo Corporation equivalent to approximately 1.3% and 1.1% and 15.9% of the subsidiary's ordinary shares on a fully diluted basis in 2012, 2011 and 2010, respectively. Fair value of options estimated at grant date for 2012, 2011 and 2010 was \$3.6 million, \$1.0 million and \$4.2 million, respectively. Stock compensation expenses related to the grants were amortized over four years on a straight-line basis with \$1.8 million, \$1.0 million and \$267,000 expensed in 2012, 2011, and 2010, respectively.

Restricted Share Units

Summary of Service-Based Restricted Share Units

The following table sets forth the summary of service-based restricted share unit ("RSU") activities:

	Shares Granted (In thousands)	Weighted-Average Grant Date Fair Value
December 31, 2010	538	\$ 29.06
Awarded*	345	\$ 80.83
Vested	(376)	\$ 31.75
Cancelled	(11)	\$ 61.09
December 31, 2011	496	\$ 62.37
Awarded*	134	\$ 48.57
Vested	(238)	\$ 51.36
Cancelled	(31)	\$ 64.34
December 31, 2012	361	\$ 65.87

* 36,000 RSUs were granted to non-employee directors in 2012 and 2011.

As of December 31, 2012, there was \$21.9 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to non-vested, service-based RSUs granted to the Company's employees and non-employee directors. This cost is expected to be recognized over a weighted-average period of 3.0 years. The total fair value based on the respective vesting dates of the restricted share units vested was \$12.5 million, \$34.2 million and \$15.9 million during the year ended December 31, 2012, 2011 and 2010 respectively.

Summary of Performance-Based RSUs

The following table sets forth a summary of performance-based RSU activities in 2012:

	<u>Shares Granted</u> (In thousands)	<u>Weighted-Average</u> <u>Grant Date</u> <u>Fair Value</u>
December 31, 2011	—	
Awarded	112	\$ 50.83
Issued	—	\$
Cancelled	(44)	\$ 50.98
December 31, 2012	<u>68</u>	<u>\$ 50.73</u>

As of December 31, 2012, there was no unrecognized compensation cost related to performance-based restricted share units granted to the Company's employees. No performance-based RSUs were granted in 2011.

13. Segment Information

The Company currently operates in three principal business segments globally — advertising, MVAS and other non-advertising. Information regarding the business segments provided to the Company’s chief operating decision makers (“CODM”) are at the revenue or gross margin level. The Company currently does not allocate operating costs nor assets to its segments, as its CODM does not use such information to allocate resources or evaluate the performance of the operating segments. The Company currently does not allocate other long-lived assets to the geographic operations, except for property and equipment.

The following is a summary of revenues, costs of revenues and gross margins:

	<u>Advertising</u>	<u>MVAS</u>	<u>Other</u>	<u>Total</u>
	(In thousands, except percentages)			
Year ended December 31, 2012:				
Net revenues	\$ 412,928	\$ 69,008	\$ 47,393	\$ 529,329
Costs of revenues	195,324	41,935	10,673	247,932
Gross margin	53%	39%	77%	53%
Year ended December 31, 2011:				
Net revenues	\$ 368,805	\$ 83,457	\$ 30,567	\$ 482,829
Costs of revenues	157,458	53,235	4,655	215,348
Gross margin	57%	36%	85%	55%
Year ended December 31, 2010:				
Net revenues	\$ 290,814	\$ 86,183	\$ 25,620	\$ 402,617
Costs of revenues	116,295	49,612	2,503	168,410
Gross margin	60%	42%	90%	58%

The following is a summary of the Company’s geographic operations:

	<u>PRC</u>	<u>International</u>	<u>Total</u>
	(In thousands)		
Year ended and as of December 31, 2012:			
Net revenues	\$ 525,678	\$ 3,651	\$ 529,329
Long-lived assets	76,195	445	76,640
Year ended and as of December 31, 2011:			
Net revenues	\$ 479,341	\$ 3,488	\$ 482,829
Long-lived assets	74,112	399	74,511
Year ended and as of December 31, 2010:			
Net revenues	\$ 398,743	\$ 3,874	\$ 402,617
Long-lived assets	32,690	599	33,289

Revenues are attributed to the countries in which the invoices are issued.

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14. Financial Instruments

Fair Value of Financial Instruments

The Company measures available-for-sale securities at fair value on a recurring basis. The fair values of the Company's available-for-sale securities as disclosed are determined based on the quoted market price.

The Company measures certain financial assets, including equity method investments and cost method investments, at fair value on a nonrecurring basis only if an impairment charge were to be recognized. The Company's non-financial assets, such as intangible assets, goodwill and fixed assets, would be measured at fair value only if they were determined to be impaired on an other-than-temporary basis.

The following table sets forth the financial instruments, measured at fair value, by level within the fair value hierarchy as of December 31, 2012 and 2011:

Recurring

	Fair Value Measurements at December 31, 2012 (In thousands)			
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds(1)	\$ 10,005	\$ 10,005	\$ —	\$ —
Bank time deposits(2)	559,393	—	559,393	—
Available-for-sale securities(3)	88,119	\$ 88,119	—	—
Total	\$ 657,517	\$ 98,124	\$ 559,393	\$ —

Recurring

	Fair Value Measurements at December 31, 2011 (In thousands)			
	Total	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds(1)	\$ 208,931	\$ 208,931	\$ —	\$ —
Bank time deposits(2)	285,622	—	285,622	—
Available-for-sale securities(3)	63,864	63,864	—	—
Total	\$ 558,417	\$ 272,795	\$ 285,622	\$ —

(1) Included in cash and cash equivalents on the Company's consolidated balance sheets.

(2) Included in cash and cash equivalents and short-term investments on the Company's consolidated balance sheets.

(3) Included in equity investments on the Company's consolidated balance sheets.

In the second and third quarter of 2012, the Company recorded a charge of \$4.2 million to write down the investment in MCOX for each of the two periods to its fair value, based on MCOX's quoted closing stock price (Level 1 input) of \$0.99 as of June 30, 2012 and \$0.61 as of September 30, 2012 (see Note 3 for further information).

As of December 31, 2012, certain cost method investments and equity method investments were measured using significant unobservable inputs (Level 3) and written down from their respective carrying value to fair value of nil, with impairment charges incurred and recorded in earnings for the year then ended. The impairment charges related to these investments were \$10.1 million (see Note 3 for further information).

In the third quarter of 2011, based on an assessment of other-than-temporary impairment, the Company recorded a \$230.3 million charge to write down the investment in CRIC to its fair value, based on CRIC's quoted closing stock price (Level 1 input) of \$4.92 as of September 30, 2011 (see Note 3 for further information).

In the third quarter of 2011, based on revenue and gross margin declines of the MVAS business and near-term outlook, the Company performed an assessment of MVAS goodwill with the assistance of an independent valuation firm and recognized an impairment charge of \$68.9 million. The fair value of the MVAS business was determined using Level 3 inputs. In accordance with the Company policy to perform an impairment assessment of its goodwill on an annual basis as of the balance sheet date or when facts and circumstances warrant a review, the Company performed an impairment assessment on its advertising goodwill as of December 31, 2012 and 2011 and concluded that no write down was warranted. The fair value of the advertising business was determined using Level 1 input).

Concentration of Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and accounts receivables. In addition, with the majority of its operations in China, the Company is subject to RMB currency risk and offshore remittance risk, both of which have been difficult to hedge and the Company has not done so. The Company limits its exposure to credit loss by depositing its cash and cash equivalents with financial institutions in the U.S., PRC, Hong Kong and Taiwan that management believes are of high credit quality.

As of December 31, 2012, the Company had \$694.0 million in cash and bank deposits, such as time deposits (with terms generally up to twelve months), with large domestic banks in China. Historically, deposits in Chinese banks were secure due to the state policy on protecting depositors' interests. However, China promulgated a new Bankruptcy Law that came into effect on June 1, 2007, which 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 concession to WTO, foreign banks have been gradually permitted to operate in China and have become significant competitors to Chinese banks in many aspects, especially since the opening of RMB business to foreign banks in late 2006. Therefore, the risk of bankruptcy on Chinese banks in which the Company holds cash and bank deposits has increased. In the event that a Chinese bank that holds the Company's deposits goes bankrupt, the Company is unlikely to claim its deposits back in full, since it is unlikely to be classified as a secured creditor to the bank under the PRC laws.

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Accounts receivable consist primarily of advertising agencies, direct advertising customers and mobile operators. As of December 31, 2012 and 2011, substantially all accounts receivable were derived from the Company's China operations.

Advertising revenues from agencies accounted for approximately 88%, 88% and 91% of the Company's advertising revenues for fiscal year 2012, 2011 and 2010, respectively. For 2012, the Company's 10 largest advertising agencies in China contributed to 44% of our advertising revenues, and no individual customer or agency accounted for more than 10% of the Company's total net revenues in 2012, 2011 and 2010. No individual customer or agency accounted for more than 10% of the Company's net accounts receivables as of December 31, 2012 and 2011.

With regards to the MVAS operations, revenues charged via provincial and local subsidiaries of China Mobile were 11%, 14% and 17% of the Company's net revenues in 2012, 2011, and 2010, respectively. Revenues from the SMS product line accounted for 5%, 7% and 10% of the Company's net revenues for 2012, 2011, and 2010, respectively. China Mobile and its provincial and local subsidiaries in aggregate accounted for less than 10% of the Company's net accounts receivables as of December 31, 2012 and 2011, respectively. Accounts receivable from third-party operators represent MVAS fees collected on behalf of the Company after deducting their billing and collection services and transmission charges. The Company maintains allowances for potential credit losses. Historically, the Company has not had any significant direct write off of bad debts.

The majority of the Company's net operating income was derived from China. The operations in China are carried out by the subsidiaries and VIEs. The Company depends on dividend payments from its subsidiaries in China after these subsidiaries receive payments from VIEs in China under various services and other arrangements. In addition, under Chinese law, its subsidiaries are only allowed to pay dividends to the Company out of their accumulated profits, if any, as determined in accordance with Chinese accounting standards and regulations. Moreover, these Chinese subsidiaries are required to set aside at least 10% of their respective accumulated profits, if any, up to 50% of their registered capital to fund certain mandated reserve funds that are not payable or distributable as cash dividends. The appropriation to mandated reserve funds are assessed annually. As of December 31, 2012, the Company is subject to a maximum appropriation of \$24.5 million to these non-distributable reserve funds.

In 2012, the majority of the Company's revenues derived and expenses incurred were in RMB. As of December 31, 2012, the Company's cash, cash equivalents and short-term investments balance denominated in RMB was \$310.0 million, accounting for 43.4% of the Company's total cash, cash equivalents and short-term investments balance. The Company's accounts receivable balance denominated in RMB was \$133.4 million, which accounted for 99% of its net accounts receivable balance. The Company's current liabilities balance denominated in RMB was \$181.0 million, which accounted for 80% of its total current liabilities balance as of December 31, 2012. Accordingly, the Company may experience economic losses and negative impacts on earnings and equity as a result of exchange rate fluctuations of RMB. Moreover, the Chinese government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. The Company may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency.

The Company performed a test on the restricted net assets of consolidated subsidiaries and VIEs (the "restricted net assets") in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that the restricted net assets did not exceed 25% of the consolidated net assets of the Company as of December 31, 2012.

15. Convertible Debt

In 2003, the Company issued \$100 million of zero-coupon, convertible, subordinated notes (the "Notes") due 2023. The Notes were issued at par and bear no interest. The Notes will be convertible into SINA ordinary shares, upon satisfaction of certain conditions, at an initial conversion price of \$25.79 per share, subject to adjustments for certain events. One of the conditions for conversion of the Notes to SINA ordinary shares is conversion upon satisfaction of market price condition, when the sale price (defined as closing per share sales price) of SINA ordinary shares reaches a specified threshold for a defined period of time. The specified thresholds are (i) during the period from issuance to July 15, 2022, if the sale price of SINA ordinary shares, for each of any five consecutive trading days in the immediately preceding fiscal quarter, exceeds 115% of the conversion price per ordinary share, and (ii) during the period from July 15, 2022 to July 15, 2023, if the sale price of SINA ordinary shares on the previous trading day is more than 115% of the conversion price per ordinary share. For the quarter ended March 31, 2012, the sale price of SINA ordinary shares exceeded the threshold set forth in item (i) above; therefore, the Notes are convertible into SINA ordinary shares during the quarter ending June 30, 2012.

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Upon a purchaser's election to convert the Notes, the Company has the right to deliver cash in lieu of ordinary shares, or a combination of cash and ordinary shares. The Company may redeem for cash all or part of the Notes on or after July 15, 2012, at a price equal to 100% of the principal amount of the Notes being redeemed. The purchasers may require the Company to repurchase all or part of the Notes for cash on July 15 annually from 2007 through 2013, and on July 15, 2018, or upon a change of control, at a price equal to 100% of the principal amount of the Notes.

In accordance with guidance, obligations such as the Notes are considered current liabilities when they are or will be callable within one year from the balance sheet date, even though liquidation may not be expected within that period. These notes were accounted for in accordance with the revised guidance on accounting for convertible debt instrument issued by the FASB which the Company adopted on January 1, 2009.

For the year ended December 31, 2011, the Company issued 3.8 million new ordinary shares to settle conversion requests equivalent to \$96.8 million, reducing the convertible debt amount to \$2.2 million as of December 31, 2011. For the year ended December 31, 2012, the Company issued 0.1 million new ordinary shares to settle conversion requests equivalent to \$2.0 million, and redeemed the remaining \$200,000 convertible debt with cash.

16. Commitments and Contingencies

Operating lease commitments include the commitments under the lease agreements for the Company's office premises. The Company leases its office facilities under non-cancelable operating leases with various expiration dates through 2017. For the years ended December 31, 2012, 2011, and 2010, rental expense was \$17.4 million, \$11.7 million and \$8.4 million, respectively. Based on the current rental lease agreements, future minimum rental payments required as of December 31, 2012 were as follows:

	<u>Total</u>	<u>Less than One Year</u>	<u>One to Three Years</u> (In thousands)	<u>Three to Five Years</u>	<u>More than Five Years</u>
Operating leases commitment	\$ 18,405	\$ 12,788	\$ 5,275	\$ 342	—

Purchase commitments mainly include minimum commitments for Internet connection, content and services related to website operation, MVAS costs, marketing activities and land use right. The Company signed an agreement in July 2012 with Beijing Zhongguancun Software Park Development Company Limited to purchase a piece of land for the construction of office building, with an amount of approximately \$35.3 million. The first two installments of approximately \$21.2 million have been paid during the year, and the remaining approximately \$14.1 million has been paid subsequently in January 2013. Purchase commitments as of December 31, 2012, including the unpaid land use right cost of \$14.1 million, were as follows:

	<u>Total</u>	<u>Less than One Year</u>	<u>One to Three Years</u> (In thousands)	<u>Three to Five Years</u>	<u>More than Five Years</u>
Purchase commitments	\$ 110,073	\$ 85,754	\$ 23,282	\$ 522	\$ 515

There are uncertainties regarding the legal basis of the Company's ability to operate an Internet business and telecommunication value-added services in China. Although China has implemented a wide range of market-oriented economic reforms, the telecommunication, information and media industries remain highly regulated. Not only are such restrictions currently in place, but in addition regulations are unclear as to in which specific segments of these industries companies with foreign investors, including us, may operate. Therefore, the Company might be required to limit the scope of its operations in China, and this could have a material adverse effect on its financial position, results of operations and cash flows.

As of the date the Company filed this Form 20-F, there are no claims, lawsuits, investigations and proceedings, including unasserted claims that are probable to be assessed, that have in the recent past had, or to the Company's knowledge, are likely to have, a material change on the Company's financial position results of operations or cash flow.

17. Subsequent Events

On December 10, 2012, E-house announced that it had received board approval to issue and sell approximately \$62.6 million in ordinary shares to certain management personnel. On March 25, 2013, E-house announced the completion of issuing new shares to its management, who became the largest shareholder as a group with a combined stake of approximately 31%. Consequently, the Company's interest in E-House is reduced to approximately 22% as of March 25, 2013. The Company is in process of finishing the accounting treatment of the transaction.

Share Pledge Agreement

This Share Pledge Agreement is entered into in Haidian District, Beijing between the following parties on [Execution Date]:

Party A: [Name of Pledgor] (hereinafter referred to as the “Pledgor”)

ID No.:

Party B: [Name of Pledgee] (hereinafter referred to as the “Pledgee”)

Address:

Whereas:

- (1) The Pledgor is a shareholder of [Name of Variable Interest Entity] (hereinafter referred to as “[VIE]”), and owns [●]% of [VIE]’s shares;
- (2) All of the Pledgor’s investments in [VIE] were sourced from the loan(s) provided by the Pledgee to the Pledgor in accordance with an agreement between the Pledgor and the Pledgee regarding the aforesaid loan(s) (hereinafter referred to as the “Loan Agreement”), the Pledgor bears RMB[Amount of debt] Yuan of debt to the Pledgee;
- (3) The Pledgor and the Pledgee entered into an Agreement on Authorization to Exercise Shareholder’s Voting Power (the “Share Rights Agreement”) on [Execution Date], and according to the Share Rights Agreement, in the case that the Pledgor breaches the Share Rights Agreement, the Pledgor shall pay liquidated damages;
- (4) [VIE] and the Pledgee entered into a “Trademark License Agreement” on [Execution Date], and according to the Trademark License Agreement, [VIE] shall pay corresponding royalties for trademark licensed by the Pledgee to [VIE];
- (5) [VIE] and the Pledgee entered into a “Technical Services Agreement” on [Execution Date], and according to the Technical Service Agreement, [VIE] shall, as the case may be, pay corresponding technology transfer fee, technology license fee, technical service fee, equipment assignment fee and/or equipment rental, etc. to the Pledgee;
- (6) The Pledgor agrees to pledge all of its shares in [VIE] and all other rights relevant to the said share rights to the Pledgee as a collateral security for the Pledgor to pay off all debts to the Pledgee and for [VIE] to perform its payment obligation pursuant to the Trademark License Agreement and the Technical Services Agreement and other relevant obligations; the Pledgee agrees to accept such security.

Therefore, both parties agree as follows after equal and friendly negotiations:

1 Interpretation and Definitions

- 1.1 In this Agreement, unless otherwise specified in the context, the following terms shall be interpreted according to their respective meanings defined in the following clauses.
 - 1.2 Secured Debts: shall mean the following debts:
 - 1.2.1 all the principal, interest, overdue interest, liquidated damages, indemnities which the Pledgor shall pay to the Pledgee under the Loan Agreement, as well as all expenditures (including the lawyer’s fee) and other amounts paid by the Pledgee for enforcing its rights under the Loan Agreement when the Pledgor breaches the Agreement;
 - 1.2.2 all liquidated damages which the Pledgor shall pay to the Pledgee under the Share Rights Agreement, the interest of the liquidated damages, the overdue interest, as well as all expenditures (including the lawyer’s fee) and other amounts paid by the Pledgee for enforcing its rights under the Share Rights Agreement when the Pledgor breaches the Share Rights Agreement;
 - 1.2.3 all royalties for trademark license, the liquidated damages and other relevant fees which [VIE] shall pay to the Pledgee under the Trademark License Agreement, as well as all expenditures (including the lawyer’s fee) and other amounts paid by the Pledgee for enforcing its rights under the Trademark License Agreement when [VIE] breaches the Agreement;
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- 1.2.4 the technology transfer fee, technology license fee, technical service fee, equipment assignment fee and/or equipment rental, etc., the liquidated damages and other relevant fees, which [VIE] shall pay to the Pledgee under the Technical Services Agreement, as well as all expenditures (including the lawyer's fee) and other amounts paid by the Pledgee for enforcing its rights under the Technical Services Agreement when [VIE] breaches the Technical Services Agreement.
- 1.3 Pledged Rights: shall mean the Pledgor's shares in [VIE] and all other rights relevant to such shares. Specifically, the Pledged Rights include but are not limited to the following rights:
- 1.3.1 all dividends, profit distributions, extra dividends, allocated shares and any other kind of funds relevant to the Pledged Rights, as well as corresponding rights and interests, which the Pledgor shall be entitled to receive from [VIE] at present or in the future;
- 1.3.2 the rights enjoyed by the Pledgor in determining [VIE]'s operational guidelines, investment plans and other major matters as well as on electing and changing directors and supervisors, which are corresponding to the Pledged Rights it holds;
- 1.3.3 all interests warranted, confirmed and promised by other parties under [VIE]'s articles of association and other organizational documents to the Pledgor;
- 1.3.4 the Pledgor's right of claiming against any party to [VIE]'s articles of association or any other organizational document for compensation due to any breach;
- 1.3.5 the Pledgor's right of consenting to or opposing the rescission, amendment or termination of [VIE]'s articles of association and other organizational documents due to the Pledged Rights it holds;
- 1.3.6 Other powers and rights relevant to the Pledged Rights, which the Pledgor is entitled to according to relevant laws and regulations of China as well as [VIE]'s articles of association and other organizational documents.

2 Pledge of Stock Rights

- 2.1 The Pledgor warrants that it will, pursuant to the Loan Agreement and the Share Rights Agreement, pay off relevant debts to the Pledgee, and meanwhile provide guaranty for [VIE] to perform the payment obligation and other relevant obligations under the Trademark License Agreement and the Technical Services Agreement. Therefore, the Pledgor agrees to pledge the Pledged Rights to the Pledgee.
- 2.2 The Pledgor shall, on the date of execution of this Agreement, submit to the Pledgee the following documents:
- 2.2.1 the investment certificate issued by [VIE] to the Pledgor evidencing that the Pledgor lawfully holds the Pledged Stock Rights;
- 2.2.2 the written documents showing that [VIE]'s other shareholders agree with the Pledgor on establishing the pledge of share rights under this Agreement;
- 2.2.3 all other materials and documents reasonably required by the Pledgee.
- 2.3 The Pledgor shall deliver the capital contribution certificate to the Pledgee on the date of effectiveness of this Agreement, and go through the procedures for record of modification of the share register in [VIE].

3 Scope of Security

- 3.1 The scope of security of the Pledged Stock Rights under this Agreement shall cover:
- 3.1.1 the Secured Debts as defined in Article 1.2 of this Agreement;
- 3.1.2 the expenditures paid by the Pledgee for enforcing its right of pledge under this Agreement.

4 Term of Right of Pledge

- 4.1 The valid duration of the right of pledge which the Pledgee enjoys under this Agreement shall commence on the effectiveness date of this Agreement until the three-year anniversary of the date when the last sum of guaranteed debt is due.

5 Exercise of the Right of Pledge

- 5.1 In the event that the Pledgor fails to pay off its debts under the Loan Agreement or the Share Rights Agreement to the Pledgee on time, or [VIE] fails to perform its payment obligation or other relevant obligations to the Pledgee under the Trademark License Agreement or the Technical Services Agreement, or the Pledgor breaches its responsibilities or obligations under this Agreement, the Pledgee shall be entitled to, within a scope permitted by the applicable laws, exercise the right of pledge at any time it considers appropriate within the duration of the right of pledge and in a method it considers appropriate. Such methods shall include but not be limited to:
- 5.1.1 negotiating with the Pledgor on paying off the Secured Debts by transferring to the Pledgee the Pledged Rights;
 - 5.1.2 selling off the Pledged Rights, and paying off the Secured Debts with the proceeds from the sale;
 - 5.1.3 retaining a competent institution to auction total or partial Pledged Rights; and/or
 - 5.1.4 disposing of the Pledged Rights by taking other appropriate measures permitted by the applicable laws.
- 5.2 In the process when the Pledgee disposes of the Pledged Rights according to the preceding paragraph, the Pledgee shall be entitled to:
- 5.2.1 substitute the Pledgor to exercise the powers or rights relevant to the Pledged Rights as [VIE]'s shareholder;
 - 5.2.2 pay necessary money for exercising any power or right imposed by this Agreement or the law upon the Pledgee;
 - 5.2.3 exercise in a way it considers appropriate or permit other person to exercise any power or right under the Pledged Rights;
 - 5.2.4 recover or claim the money payable to the Pledgor arising from the Pledged Rights for paying off the Secured Debts;
 - 5.2.5 with respect to claim by any person for the rights relevant to the Pledged Rights in any respect, make settlement, reach reconciliation, resort to arbitration or litigation proceedings or seek any other measures it considers appropriate;
 - 5.2.6 take all other actions permitted by law for the purpose of enforcing any of its rights under this Agreement.
- 5.3 At the Pledgee's request, the Pledgor must assist the Pledgee in obtaining all necessary approvals or consents relevant to the Pledgee's enforcement of its credit rights and the right of pledge.
- 5.4 Within the duration of the right of pledge, the Pledgee shall be entitled to collect the legal fruits of the Pledged Rights.
- 5.5 All the money collected by the Pledgee from the exercise of its right of pledge (including but not limited to the price obtained from disposing of the Pledged Rights and any proceeds derived from the Pledged Rights) shall be put into use in the following order on the premise of not violating other clauses of this Agreement:
- 5.5.1 It shall be at first used to pay all the expenses incurred to the Pledgee due to exercise of the right of pledge and/or other rights under this Agreement;
 - 5.5.2 Then, it shall be used by the Pledgee to pay off the Secured Debts according to law;
 - 5.5.3 If there is still remaining amount after the Secured Debts are paid off, the said amount shall be paid to the Pledgor or the person who is entitled to receive it, with no interest being paid.

6 Rescission of the Right of Pledge

- 6.1 If, at any time within the effective duration of the right of pledge, the secured debts are fully paid off, and the Pledgor no longer bears any obligation or liability under this Agreement, the Pledgee's right of pledge under this Agreement shall be extinct on the date when all the Secured Debts are paid off. In such a case, at the Pledgor's request, the Pledgee shall execute the written documents on the pledge of shares created under this Agreement and deliver them to the Pledgor, or assist the Pledgor in going through other procedures for rescinding the pledge of shares under this Agreement.
- 6.2 Unless otherwise prescribed in the preceding paragraph, the pledge of shares under this Agreement shall not be rescinded without the Pledgee's prior written consent.

7 Nature of Security

- 7.1 The guaranty under this Agreement shall not be affected by other guaranties held by the Pledgee regarding the Secured Debts, and shall not affect the effectiveness of those other securities, either.
- 7.2 Neither the security nor the Pledgee's rights under this Agreement shall be rescinded or affected due to any of the following circumstances:
- 7.2.1 the Pledgee's offering a grace period to, rescission or mitigation of any person's debts at any time;
 - 7.2.2 any amendment, modification or supplement to the Loan Agreement, the Share Rights Agreement, the Trademark License Agreement and/or the Technical Services Agreement;
 - 7.2.3 any disposal, modification or rescission of any other guaranty of the relevant secured debts;
 - 7.2.4 reconciliation reached on the claims raised by any person between the Pledgee and such person;
 - 7.2.5 any delay, act, nonfeasance or mistake arising out of the Pledgee's exercise of its rights;
 - 7.2.6 any circumstance which the Loan Agreement, the Share Rights Agreement, the Trademark License Agreement and/or the Technical Services Agreement or the performance thereof are considered ineffective; or
 - 7.2.7 any other event which might otherwise affect the Pledgor's obligations under this Agreement.

8 Public Notarial Procedures

- 8.1 After the effectiveness of this Agreement, the Pledgor shall, at the Pledgee's request, cooperate with the Pledgee in going together to lawful public notary office to go through the notarial procedures as required by this Agreement, and shall provide all necessary cooperation as per the public notary office's requirements.
- 8.2 All expenses incurred from the above mentioned notarial procedures shall be solely borne by the Pledgee.

9 Special Provisions

- 9.1 Without the Pledgee's prior written consent, the Pledgor shall not assign any right it may enjoy under this Agreement or any obligation it shall bear hereunder to any other party.
- 9.2 The Pledgee shall be entitled to assign any of its rights or obligations under this Agreement to any third party at any time without being consented by the Pledgor. In such a case, the Pledgor shall unconditionally cooperate with the Pledgee in going through relevant procedures for assignment of the rights and obligations, including but not limited to execution of relevant agreement on change of contractual parties.
- 9.3 After the procedures for pledge of the shares under this Agreement are completed, unless the Pledgee makes a reverse decision and informs the Pledgor, the Pledgor shall be obligated to continue abiding by the legal provisions concerning the Pledged Rights, performing all rights and obligations relevant to the Pledged Rights (including but not limited to exercising all its powers and rights relevant to the Pledged Rights under [VIE]'s articles of association), and fulfilling the prudence and credibility obligations which a shareholder shall fulfill.
- 9.4 The Pledgee shall bear no obligation or legal liability for the Pledged Rights, nor does it have to perform any obligation that the Pledgor shall bear for the Pledged Rights. Without prejudice to the Pledgee's rights under this Agreement, the Pledgee shall bear no obligation or legal liability to others for the Pledged Rights under this Agreement.

- 9.5 The Pledgor must timely notify the Pledgee of any event that might affect the Pledged Stock Rights or the value of the Pledged Stock Rights or might impede the Pledgor from performing its rights as [VIE]'s shareholder or harm or delay its performing such rights.
- 9.6 Without the Pledgee's prior consent, the Pledgor may not conduct any of the following acts:
- 9.6.1 Amending or modifying in any other way [VIE]'s articles of association;
 - 9.6.2 Establishing any further guaranty on the Pledged Rights beside the pledge created under this Agreement;
 - 9.6.3 Disposing of any interest of the Pledged Rights in any way;
 - 9.6.4 Conducting any act that might harm the Pledgee's Pledged Rights or any of its rights under this Agreement.
- 9.7 Without the Pledgee's written consent, the Pledgor shall not have the Pledged Rights transferred or re-pledged, or dispose of the Pledged Rights in any other way which may harm the right of pledge enjoyed by the Pledgee under this Agreement.

10 Representations, Commitments and Warranties

- 10.1 The pledgor hereby makes representations, commitments and warranties to the Pledgee as follows:
- 10.1.1 The Pledgor has lawful eligibility and necessary power to conclude this Agreement and is able to entirely perform any of its obligations under this Agreement;
 - 10.1.2 The Pledgor has lawfully performed its obligation of contributing investments to [VIE]; is the only holder of the Pledged Rights; and has lawful, complete and full ownership over all the Pledged Rights under this Agreement;
 - 10.1.3 [VIE]'s shareholders' meeting has adopted a resolution on consenting to the pledge of shares pursuant to this Agreement;
 - 10.1.4 Except the pledge established in this Agreement, the Pledgor has not established or permitted others to establish any security right on the Pledged Rights without the Pledgee's prior written consent; the Pledged Rights are involved in no ownership dispute, are not distained or limited in other legal proceedings, but may be pledged and transferred according to the applicable laws;
 - 10.1.5 There is neither existing or pending litigation, arbitration or administrative proceedings against the Pledged Rights and/or the Pledgor nor any such threat;
 - 10.1.6 The Pledgor's execution of this Agreement, exercise of the rights under this Agreement, or performance of the obligations under this Agreement will not violate any document or legal provision applicable to the Pledgor or its properties;
 - 10.1.7 The pledge created under this Agreement constitutes an effective security of the secured debts, may be implemented according to its clauses, and shall not be restricted by any other's rights, interests or claims at a preferential or equal status;
 - 10.1.8 All documents delivered by the Pledgor to the Pledgee and relevant to this Agreement are authentic, complete and accurate in all substantive aspects, and there is no omission that might cause any information in such documents to be in any way incorrect or misleading;
 - 10.1.9 This Agreement constitutes lawful, effective and binding obligations to the Pledgor, and may be subject to compulsory enforcement according to its clauses upon application.
- 10.2 The Pledgee hereby makes representations, commitments and warranties to the Pledgor:
- 10.2.1 The Pledgee is a lawfully established and validly existing limited liability company, has the right to conclude this Agreement and is able to perform its obligations under this Agreement.

10.2.2 The Pledgee has obtained all authorizations and consents for executing and performing this Agreement.

11 Breach Liability

- 11.1 If Party A or Party B (each, a “Party”) directly or indirectly violates any provision hereunder or fails to perform or fails to timely and fully perform any of its obligations hereunder and thus constitutes a breach of this Agreement, the non-defaulting Party (the “Non-Defaulting Party”) shall have the right to send a written notification requiring the defaulting Party (the “Defaulting Party”) to make corrections, take adequate, effective and timely measures to eliminate the effect thus caused, and indemnify the Non-Defaulting Party any losses suffered from the Defaulting Party’s breach of contract.
- 11.2 Upon occurrence of any breach of contract, if the Non-Defaulting Party, based on reasonable and objective judgment, believes that such breach of contract has caused it impossible or unfair for the Non-Defaulting Party to perform its corresponding obligations hereunder, then the Non-Defaulting Party may notify the Defaulting Party in writing that it will suspend its performance of its corresponding obligations hereunder, until the Defaulting Party has stopped its breach of contract, taken adequate, effective and timely measures to eliminate the effect thus caused, and indemnified the Non-Defaulting Party any losses suffered from the Defaulting Party’s breach of contract.
- 11.3 The Non-Defaulting Party’s losses to be indemnified by the Defaulting Party due to its breach of contract shall include the direct economic losses suffered by the Non-Defaulting Party due to the breach of contract and any expectable indirect losses and additional fees and costs, including but not limited to the lawyer’s fee, legal cost, arbitration cost, financial cost and travel cost, etc.

12 Force Majeure

- 12.1 A Force Majeure Event refers to any event uncontrollable, unpredictable, or unavoidable even predicted by the Parties hereunder, which interferes, affects or delays any Party’s performance of the whole or part of its obligations hereunder. Such events shall include, without limitation, the government’s act, acts of God, war, hacker’s attack or any other similar event.
- 12.2 Any Party suffering from a Force Majeure Event may suspend its performance of its relevant obligations hereunder thus prevented, without having to undertake any liability for breach of contract, until the effect of such Force Majeure Event is eliminated. However, such affected Party shall try its best to overcome such Force Majeure Event and reduce its adverse effect.
- 12.3 The Party affected by a Force Majeure Event shall provide the other Party with a legal certificate issued by the local notary public (or any other competent organ) for certifying such Force Majeure Event; otherwise, the other Party may request it to undertake breach liability according to this Agreement.

13 Effectiveness, Amendment and Termination

- 13.1 This Agreement shall become effective upon the satisfaction of the following conditions:
- 13.1.1 The pledgor and the Pledgee have formally executed this Agreement;
- 13.1.2 The pledge of the shares under this Agreement has been recorded in [VIE]’s register of shareholders.
- 13.2 Both parties may, after negotiations, amend this Agreement in the form of a written agreement at any time.
- 13.3 This Agreement shall be terminated when any of the following circumstances arises:
- 13.3.1 The duration of the right of pledge has elapsed;
- 13.3.2 Both parties rescind the pledge of the shares under this Agreement according to the clause of “Rescission of the Right of Pledge” in this Agreement;
- 13.3.3 The Pledgee and the Pledgor agree after negotiations to terminate this Agreement; 13.3.4 The Pledgee unilaterally consents on terminating this Agreement in advance.

13.4 The early termination of this Agreement shall not affect either party's rights or obligations accrued under this Agreement prior to the date when this Agreement was early terminated.

14 Dispute Settlement

14.1 Any dispute arising out of interpretation or performance hereof shall be settled through friendly negotiation between the Parties.

14.2 If such negotiation fails, both Parties shall submit such dispute to China International Economic and Trade Arbitration Commission for arbitration according its current arbitration rules. The place of arbitration shall be Beijing, and the language of arbitration shall be Chinese. The arbitration award shall be final and binding on both Parties.

14.3 The formation, effectiveness, performance and interpretation hereof as well as dispute settlement shall be governed by the laws of the People's Republic of China.

15 Miscellaneous

15.1 This Agreement is executed in triplicate, with each Party holding one, one copy for notary, all of which shall be of the same legal effect.

15.2 The headings used in this Agreement are for convenience only, and shall not affect the interpretation of any provision hereof.

15.3 Both Parties may modify and supplement this Agreement through written agreements. Such written agreement of modification or supplementation executed by both Parties shall constitute a part of, and be of the same legal effect as, this Agreement.

15.4 If any provision hereunder is held invalid or unenforceable in whole or in part due to violating laws or regulations or any other reason, the affected part of such provision shall be deemed deleted from the Agreement. The deletion of such affected part shall not affect the validity and enforceability of the other parts of such provision or that of other provisions hereof. Both Parties shall negotiate and enter into new provisions so as to replace such invalid or unenforceable provision.

15.5 Unless otherwise provided, any Party's failure or delay in exercising any right, power or privilege shall not be deemed as a waiver of such right, power or privilege. Any single or partial exercise of any right, power or privilege shall not preclude exercise of any other right, power or privilege.

15.6 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersede any and all previous or simultaneous oral and written agreements, understandings and communication between the Parties relating to such subject matter. Unless otherwise expressly provided herein, there shall not be any other express or implied obligations or undertakings between the Parties.

15.7 This Agreement shall be binding upon both parties and their respective successors and qualified assignees. 15.8 Any other matters not contemplated hereunder shall be subject to further negotiation between the Parties.

Shareholder

[Name of Pledgee]

Handwritten Signature: /s/

Authorized Representative: /s/

Schedule of Material Differences

One or more persons entered into share pledge agreement with the respective wholly foreign owned subsidiaries of SINA Corporation using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of Pledgee	Name of Pledgor	Name of Variable Interest Entity (the "VIE")	% of Pledgor's Equity Interest in the Variable Interest Entity	Amount of Debt		Execution Date
1.	SINA.com Technology (China) Co., Ltd.	W Wang	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd.)	50%	RMB	25,000,000	August 5, 2010
2.	SINA.com Technology (China) Co., Ltd.	YL Liu	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd.)	50%	RMB	25,000,000	August 5, 2010
3.	SINA.com Technology (China) Co., Ltd.	Y Wang	Beijing Sina Internet Information Service Co., Ltd.	0.25%	RMB	300,000	August 18, 2007
4.	SINA.com Technology (China) Co., Ltd.	DH Lin	Beijing Sina Internet Information Service Co., Ltd.	22.7855%	RMB	27,342,639.59	August 15, 2011
5.	SINA.com Technology (China) Co., Ltd.	T Chen	Beijing Sina Internet Information Service Co., Ltd.	22.7855%	RMB	27,342,639.59	August 15, 2011
6.	SINA.com Technology (China) Co., Ltd.	H Du	Beijing Sina Internet Information Service Co., Ltd.	27.0895%	RMB	32,507,360.41	August 15, 2011
7.	SINA.com Technology (China) Co., Ltd.	GM Xie	Beijing Sina Internet Information Service Co., Ltd.	27.0895%	RMB	32,507,360.41	August 15, 2011
8.	SINA.com Technology (China) Co., Ltd.	L Wei	Star-Village Online Cultural Development Co., Ltd.	30%	RMB	3,000,000	April 14, 2010

<u>No.</u>	<u>Name of Pledgee</u>	<u>Name of Pledgor</u>	<u>Name of Variable Interest Entity (the "VIE")</u>	<u>% of Pledgor's Equity Interest in the Variable Interest Entity</u>	<u>Amount of Debt</u>		<u>Execution Date</u>
9.	SINA.com Technology (China) Co., Ltd.	XY Yi	Star-Village Online Cultural Development Co., Ltd.	30%	RMB	3,000,000	August 18, 2007
10.	SINA.com Technology (China) Co., Ltd.	GF Wang	Star-Village Online Cultural Development Co., Ltd.	40%	RMB	4,000,000	August 18, 2007
11.	SINA.com Technology (China) Co., Ltd.	HX Su	Guangzhou Media Message Technologies Co., Ltd.	55%	RMB	5,500,000	September 30, 2012 ⁽¹⁾
12.	SINA.com Technology (China) Co., Ltd.	B Luo	Guangzhou Media Message Technologies Co., Ltd.	45%	RMB	4,500,000	March 31, 2008
13.	SINA.com Technology (China) Co., Ltd.	XD Wang	Shenzhen Wangxing Technology Co., Ltd.	45%	RMB	4,500,000	August 30, 2011
14.	SINA.com Technology (China) Co., Ltd.	XJ Wang	Shenzhen Wangxing Technology Co., Ltd.	55%	RMB	5,500,000	August 30, 2011
15.	Weibo Internet Technology (China) Co., Ltd.	SB Peng	Beijing Weimeng Technology Co., Ltd.	60%	RMB	6,000,000	October 11, 2010
16.	Weibo Internet Technology (China) Co., Ltd.	ZH Cao	Beijing Weimeng Technology Co., Ltd.	20%	RMB	2,000,000	October 11, 2010
17.	Weibo Internet Technology (China) Co., Ltd.	Y Lu	Beijing Weimeng Technology Co., Ltd.	20%	RMB	2,000,000	October 11, 2010

Note:

(1) As provided in this Share Pledge Agreement, the execution date of the relevant Trademark License Agreement and the Technical Service Agreement by and between the [VIE] and the Pledgee is March 31, 2008, which is different from the execution date of this Share Pledge Agreement.

Loan Agreement

This agreement is signed and entered in by and between the following parties on [Execution Date] in Haidian District, Beijing.

Party A: [Name of Borrower] (hereinafter referred to as “the borrower”)

ID No:

Party B: [Name of Sina Company] (hereinafter referred to as “Sina Company”)

Address:

Whereas:

- (1) The borrower intends to purchase [•]% of shares of [Name of Variable Interest Entity] (hereinafter referred to as “[VIE]”) and for that purpose wishes to borrow RMB[Amount of Loan] Yuan from Sina Company;
- (2) Sina Company agrees to provide the said loan to the borrower in accordance with and subject to the terms and conditions under the agreement.

The following agreements have been reached by and between both parties based on the principles of equality and mutual benefits via friendly negotiation:

1. Amount of Loan

- 1.1 Sina Company agrees to provide a long-term loan in the amount of RMB[Amount of Loan] Yuan to the borrower subject to the terms and conditions under the agreement (hereinafter referred to as “long-term loan”).

2. Life of Loan

- 2.1 The life of the long-term loan prescribed under the agreement shall be 10 years from the date when this agreement is signed.
- 2.2 The borrower agrees that Sina Company shall have the right to, at its own discretion, shorten or extend the life of loan with reference to the real situation.

3. Use of Loan

- 3.1 The borrower shall use the long-term loan for purchasing [•]% of shares of [VIE] and any other application of this long-term loan shall obtain earlier written consent from Sina Company.
- 3.2 During the life of loan, the borrower shall neither transfer partial or all its shares of [VIE] to any third party nor set any security against such shares without prior approval given by Sina Company in written form.

4. Interest of Loan

- 4.1 The long-term loan under this agreement is interest-free loan and Sina Company shall not collect any other fees or charges from the borrower.

5. Satisfaction with Loan

- 5.1 Sina Company shall have the right to require from time to time the borrower to compensate for the long-term loan under this agreement without violating the laws and regulations of PR China in the method as Sina Company directs, including but not limited to, transfer of all or partial shares of [VIE] held by the borrower to Sina Company or any subject appointed by Sina Company.
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6. Liability for Tax

- 6.1 Both parties shall on their own pay taxes and costs by laws respectively.
- 6.2 Save for taxes and costs of the borrower or Sina Company on their own expressly reserved by laws, Sina Company shall be liable for all other taxes and reasonable costs in connection with this long-term loan under this agreement.

7. Breach and Compensation

- 7.1 Any breach of any article of the agreement directly or indirectly or no commitment or commitment out of time insufficiently to the obligations of the agreement shall constitute breach of the contract. The party that observes the contract shall have the right to request the breaching party by written notice to make corrections to its breaching actions and avoid the bad result with sufficient, effective and timely measures taken, and to compensate for the losses of the non-breaching party due to its breaching actions.
- 7.2 After any breaching occurs, the non-breaching party, if holding that the breaching has resulted in impossibility or unfairness for the non-breaching party to perform the relevant obligations under this agreement with reasonable and objective discretion applied, shall have the power to discontinue its relevant obligations of this agreement with written notice sent to the non-breaching party until the breaching party stops its breach of the contact, take sufficient, effective and timely measures to avoid the bad results, and compensate for the losses of the non-breaching party due to its breaching actions.
- 7.3 The indemnification that the breaching party makes to the non-breaching party shall include any direct economic losses and any predictable indirect losses or excess expenses that occur to the non-breaching party due to violation of the contract by the breaching party, including but not limited to attorney fees, legal costs, arbitration fees, financial expenses, travel expenses and etc.

8. Effectiveness, Modification and Termination

- 8.1 This agreement shall be effective since it is signed by authorized representatives of the parties.
- 8.2 The parties may via negotiation modify or terminate this agreement in advance in written form at any time.
- 8.3 Any party shall have the right to terminate this agreement unilaterally in advance with written notice given if any of the following situations occurs to the other party:
 - 8.3.1 Within 30 days since the written notice sent out by the non-breaching party, the breaching party still not modifies its breach of the contact, or takes sufficient, effective and timely measures to avoid the bad results, and compensate for the losses of the non-breaching party due to its breaching actions.
 - 8.3.2 Such party is unable to continue to perform this agreement due to force majeure.
- 8.4 Earlier termination of this agreement shall not affect the generated rights and obligations by this agreement before such termination date.

9. Settlement of Disputes and Governing Laws

- 9.1 Parties shall settle any disputes over contents of this agreement or its execution via friendly negotiation; which if fails, they shall submit the disputes to China International Economic and Trade Arbitration Commission (CIETAC) for settlement. The arbitrament awarded shall be final and binding on both parties.
- 9.2 Laws and regulations of PRC shall be applied for conclusion, execution, interpretation and settlement of disputes concerning this agreement.

10. Miscellaneous

- 10.1 Either party's failure to perform its rights in time under this agreement shall neither be deemed as waiver of such rights nor affect its execution of such rights in future.
- 10.2 If any article or clause of this agreement becomes invalid or unexecutable entirely or partially no matter what reasons, the remaining portions of this agreement shall be still effective and binding.

10.3 This agreement is made into one original with two copies, one for each party, both with equally legal effectiveness.

10.4 Matters not included in this agreement shall be determined by both parties via negotiation.

Employee

[Name of Sina Company]

Signature: /s/

Authorized Representative: /s/

Schedule of Material Differences

One or more persons entered into loan agreement with the respective wholly foreign owned subsidiaries of SINA Corporation using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No.	Name of Sina Company	Name of Borrower	Name of Variable Interest Entity (the "VIE")	% of Equity Interest in the VIE the Borrower intends to acquire	Amount of Loan		Execution Date
1.	SINA.com Technology (China) Co., Ltd.	W Wang	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd.)	50%	RMB	25,000,000	August 5, 2010
2.	SINA.com Technology (China) Co., Ltd.	YL Liu	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd.)	50%	RMB	25,000,000	August 5, 2010
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6.	SINA.com Technology (China) Co., Ltd.	H Du	Beijing Sina Internet Information Service Co., Ltd.	27.0895%	RMB	32,507,360.41	August 15, 2011
7.	SINA.com Technology (China) Co., Ltd.	GM Xie	Beijing Sina Internet Information Service Co., Ltd.	27.0895%	RMB	32,507,360.41	August 15, 2011

<u>No.</u>	<u>Name of Sina Company</u>	<u>Name of Borrower</u>	<u>Name of Variable Interest Entity (the "VIE")</u>	<u>% of Equity Interest in the VIE the Borrower intends to acquire</u>	<u>Amount of Loan</u>		<u>Execution Date</u>
8.	SINA.com Technology (China) Co., Ltd.	L Wei	Star-Village Online Cultural Development Co., Ltd.	30%	RMB	3,000,000	April 14, 2010
9.	SINA.com Technology (China) Co., Ltd.	XY Yi	Star-Village Online Cultural Development Co., Ltd.	30%	RMB	3,000,000	August 18, 2007
10.	SINA.com Technology (China) Co., Ltd.	GF Wang	Star-Village Online Cultural Development Co., Ltd.	40%	RMB	4,000,000	August 18, 2007
11.	SINA.com Technology (China) Co., Ltd.	HX Su	Guangzhou Media Message Technologies Co., Ltd.	55%	RMB	5,500,000	September 30, 2012
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13.	SINA.com Technology (China) Co., Ltd.	XD Wang	Shenzhen Wangxing Technology Co., Ltd.	45%	RMB	4,500,000	August 30, 2011
14.	SINA.com Technology (China) Co., Ltd.	XJ Wang	Shenzhen Wangxing Technology Co., Ltd.	55%	RMB	5,500,000	August 30, 2011
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17.	Weibo Internet Technology (China) Co., Ltd.	Y Lu	Beijing Weimeng Technology Co., Ltd.	20%	RMB	2,000,000	October 11, 2010

Agreement on Authorization to Exercise Shareholder's Voting Power

This agreement is concluded by and between the following parties on [Execution Date] in Haidian District, Beijing:

Party A: [Name of Authorizer] (hereinafter referred to as "the Authorizer")

Number of Identification Card:

Party B: [Name of Sina Company] (hereinafter referred to as "Sina Company")

Address:

WHEREAS:

1. The Authorizer holds [•]% of stock rights of [Name of Variable Interest Entity] (hereinafter referred to as "[VIE]") on the date of signing of this Agreement; and to hold above-mentioned stock rights, the Authorizer owns a debt of RMB[Amount of Debt] Yuan to Sina Company;
2. The Authorizer is willing to authorize Sina Company full powers to exercise his entire shareholder's voting power in his name in shareholders' meetings of [VIE]; Sina Company is willing to accept the above-mentioned authorization.

NOW, THEREFORE, after friendly consultation, the above parties conclude the following agreement regarding to the matters of authorization of shareholder's voting power:

1. Authorization of Voting Power

1.1 The Authorizer hereby agrees to irrevocably authorize Sina Company, within the term of authorization provided by this Agreement and in the Authorizer's name, to exercise all shareholder's voting power enjoyed by the Authorizer according to law and [VIE]'s articles of association in [VIE]'s shareholders' meetings. Such shareholder's voting power includes, but not limited to, the following rights:

- 1) to decide [VIE]'s management policy and investment plan;
 - 2) to elect and change [VIE]'s directors, and decide the matters regarding to director's remuneration;
 - 3) to elect and change [VIE]'s supervisors, and decide the matters regarding to supervisor's remuneration;
 - 4) to review and approve the reports of [VIE]'s board of directors;
 - 5) to review and approve supervisor's reports;
 - 6) to review and approve [VIE]'s annual financial budget bill and the proposal of final accounts;
 - 7) to review and approve [VIE]'s profit distribution plan and the plan to make good deficits;
 - 8) to make decision on [VIE]'s increasing or decreasing registered capital;
 - 9) to make decision on [VIE]'s issue of corporate bonds;
 - 10) to make decision on [VIE]'s shareholder transferring his subscribed capital to the persons other than [VIE]'s shareholders;
 - 11) to make decision on [VIE]'s merger, separation, change of company's form, dissolution and liquidation, etc.;
 - 12) to make decision on changing [VIE]'s business scope;
 - 13) to revise [VIE]'s articles of association;
 - 14) to decide to change the contents or nature of [VIE]'s business;
 - 15) to decide to make a loan to any third party or incur any debts in [VIE]'s name;
 - 16) to decide to sell [VIE]'s any assets or rights to any third party, including but not limited to intellectual property;
-

- 17) to decide to set up any security rights against [VIE]'s any assets (including both tangible and intangible assets) whatsoever such security is for;
- 18) to decide to assign the contracts signed by [VIE] to any third party; and
- 19) to decide any other rights that may materially affect [VIE]'s rights, obligations, assets or management matters.

1.2 Sina Company agrees to accept the authorization contained in previous article made by the Authorizer and shall exercise such shareholder's voting power in the Authorizer's name according to the provisions of this Agreement.

2. Exercising of Voting Power

2.1 Within the term of authorization provided by this Agreement, the Authorizer's entire shareholder's voting power in [VIE] shall be authorized to Sina Company to exercise. Without Sina Company's prior written consent, the Authorizer shall not, in the term of authorization, make any decision that may materially affect [VIE]'s rights, obligations, assets or management, shall not approve any plan that may materially affect [VIE]'s rights, obligations, assets or management, shall not conduct any other activities that may materially affect [VIE]'s rights, obligations, assets or management, and shall not exercise any his shareholder's voting power in [VIE] by any other means.

2.2 If Sina Company requests the Authorizer to provide special written authorization document to Sina Company or any person appointed by Sina Company regarding to each specific matter, whether such request made prior to or after such matter, the Authorizer must provide before the matter occurs or provide in supplement after the matter occurs such written authorization document according to Sina Company's specific request.

2.3 In relation to any matters agreed upon by Sina Company by exercising shareholder's voting power, if necessary, Sina Company shall have the right to request the Authorizer to confirm by signing on the relevant decisions of shareholder's meeting or other similar written documents.

2.4 The Authorizer affirms that Sina Company shall have the right to submandate the other party to exercise Sina Company's any rights under this Agreement, and such submandate need not be approved by the Authorizer, but shall be notified to the Authorizer in advance.

2.5 Sina Company shall report to the Authorizer the situation of authorized matters at the time he deems proper. When this Agreement is terminated, Sina Company shall report the Authorizer the results of authorized matters.

3. Term of Authorization

3.1 The term of authorization of shareholder's voting power under this Agreement shall be from the effective date of this Agreement to the date of [VIE]'s dissolution.

3.2 After consultation, the Parties agree that the term of authorization may be adjusted at any time in written form with specific regulations.

4. Remuneration of Authorization

Sina Company agrees that the Authorizer shall be exempt from paying any remuneration to Sina Company for authorized matters according to this Agreement.

5. Declaration and Guarantee

5.1 The Parties of this Agreement hereby represents, undertakes and guarantees to each other as follows:

- 1) possess appropriate competence and power to conclude this Agreement;
- 2) have capability to fulfill obligations under this Agreement;
- 3) No performance of obligations under this Agreement is in breach of any restriction in legal documents that binds.

5.2 This Agreement, once being signed, shall constitute to both parties legal and effective obligations that can be enforced according to the provisions of this Agreement.

6. Liability for Breaching

6.1 Any Party's direct or indirect violation of any provision of this Agreement, or non-performance or unduly and non-sufficient performance of his obligations under this Agreement shall constitute breach of this Agreement. The party that obeys this Agreement ("the observant party") shall have the right to, by written notification, require the party in breach to rectify his nonperformance and take sufficient, effective and duly measures to eliminate the results of breach, and compensate the observant party's damage caused by such breach.

6.2 After such breach occurs, if the observant party reasonably and objectively finds that such breach has resulted in impossibility or unfairness for it to perform obligations under this Agreement, the observant party shall be entitled to suspend performing its relevant obligations under this Agreement with notice in writing giving to the party in breach, till the party in breach ceases nonperformance and takes sufficient, effective and duly measures to eliminate the results of breach, and compensates the observant party's damage caused by such breach.

6.3 The party in breach compensating the observant party's damage shall include the observant party's direct economic loss, any anticipatable indirect loss and additional fee caused by breach. Such addition fee shall include, but not limit to, attorney fee, litigation or arbitration fee, finance expenditure and travel expense, and etc.

7. Force Majeure

7.1 "Force Majeure" shall mean any event out of the parties' reasonable control, non-foreseeable, or unavoidable even has been foreseen and such event hinder, affect or delay any party's performance of all or part of his obligations according to this Agreement. Such events include, but not limit to, government's acts, natural disasters, war or any other similar events.

7.2 The party suffers Force Majeure may suspend performing his relevant obligations under this Agreement that are failed to be performed by the reason of Force Majeure till the effect of Force Majeure is eliminated, and shall not bear any liability of breach of this Agreement. But such party shall exert himself as much as possible to overcome such event and reduce its negative effects.

7.3 The suffering party from Force Majeure shall provide the other party with legal certifications of such event issued by the notary office (or other proper agency) of the area where the event occurs, which if fails, the other party may request the suffering party to bear any liability for breach according to the provisions of this Agreement.

8. Effectiveness, Modification and Termination

8.1 This Agreement shall enter into force from the date of signing and sealing by Parties and terminates when the term of authorization provided by this Agreement expires.

8.2 Prior to the expiration of this Agreement, if the Authorizer transfers all its stocks of [VIE] to Sina Company or other party agreed upon by Sina Company in written form in advance, the Authorizer shall not be bound by any provisions of this Agreement from the date of completing stock transfer. But the Authorizer shall notify the transferee in writing the existence of this Agreement during the transfer, and the transferee's full consent to be bound by this Agreement shall be the precondition of transferring stock rights.

8.3 The Authorizer hereby irrevocably and permanently waives its right to rescind this Agreement at any time.

8.4 The Parties may modify and supplement this Agreement in written form with consents from both. Such modification and supplement signed by and between the Parties shall be part of this Agreement with equal legal effect to this Agreement.

8.5 The Authorizer hereby agrees that Sina Company shall have the right to terminate this Agreement from time to time without any reason by written notification rendered 10 days ahead and shall not bear any liability for breach.

8.6 Earlier termination of this Agreement shall not impose any effect upon the Parties' rights and obligations occurred already according to this Agreement prior to the date of such termination.

9. Settlement of Dispute & Governing Law

9.1 The Parties shall settle with good faith all disputes regarding to interpretation and enforcement of any provisions of this Agreement by consultation.

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One or more persons entered into agreement on authorization to exercise shareholder's voting power with the respective wholly foreign owned subsidiaries of SINA Corporation using this form. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

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2.	SINA.com Technology (China) Co., Ltd.	YL Liu	Jinzhuo Hengbang Technology (Beijing) Co., Ltd. (formerly, Beijing SINA Infinity Advertising Co., Ltd.)	50%	RMB	25,000,000	August 5, 2010
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<u>No.</u>	<u>Name of Sina Company</u>	<u>Name of Authorizer</u>	<u>Name of Variable Interest Entity (the "VIE")</u>	<u>% of Authorizer's Equity Interest in the VIE</u>	<u>Amount of Debt</u>		<u>Execution Date</u>
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14.	SINA.com Technology (China) Co., Ltd.	XJ Wang	Shenzhen Wangxing Technology Co., Ltd.	55%	RMB	5,500,000	August 30, 2011
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17.	Weibo Internet Technology (China) Co., Ltd.	Y Lu	Beijing Weimeng Technology Co., Ltd.	20%	RMB	2,000,000	October 11, 2010

List of Subsidiaries and Variable Interest Entities

Subsidiary	Jurisdiction of Organization
SINA.com Online	United States of America
Rich Sight Investment Limited	Hong Kong
SINA Hong Kong Limited	Hong Kong
Weibo Hong Kong Limited (formerly known as T.CN Hong Kong Limited)	Hong Kong
Weibo Corporation (formerly known as T.CN Corporation)	Cayman Island
Beijing New Media Information Technology Co., Ltd.	People's Republic of China
SINA.com Technology (China) Co., Ltd.	People's Republic of China
SINA Technology (China) Co., Ltd.	People's Republic of China
SINA(Shanghai) Management Co., Ltd.	People's Republic of China
Beijing SINA Advertising Co., Ltd.	People's Republic of China
Shanghai SINA Advertising Co., Ltd.	People's Republic of China
Fayco Network Technology Development (Shenzhen) Co., Ltd.	People's Republic of China
Weibo Internet Technology (China) Co., Ltd.	People's Republic of China
Beijing SINA Internet Information Service Co., Ltd.	People's Republic of China
Guangzhou Media Message Technologies, Inc.	People's Republic of China
Beijing Star-Village Online Cultural Development Co., Ltd.	People's Republic of China
Shenzhen Wang Xing Technology Co., Ltd.	People's Republic of China
Jinzhao Hengbang Technology (Beijing) Co., Ltd.	People's Republic of China
Beijing Weimeng Technology Co., Ltd.	People's Republic of China

**Certification by the Principal Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Charles Chao, certify that:

1. I have reviewed this Annual Report on Form 20-F of SINA Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 22, 2013

/s/ Charles Chao

Name: Charles Chao

Title: Chief Executive Officer

**Certification by the Principal Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Herman Yu, certify that:

1. I have reviewed this Annual Report on Form 20-F of SINA Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the period presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 22, 2013

/s/ Herman Yu

Name: Herman Yu

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SINA Corporation (the “Company”) on Form 20-F for the fiscal year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles Chao, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2013

/s/ Charles Chao

Name: Charles Chao

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SINA Corporation (the “Company”) on Form 20-F for the fiscal year ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Herman Yu, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 22, 2013

/s/ Herman Yu

Name: Herman Yu

Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-36246, No. 333-47720, No. 333-107359, No. 333-129460, No. 333-144890 and No. 333-169201) and Form F-3 (No. 333-163990) of SINA Corporation of our report dated April 22, 2013 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian CPAs Limited Company
PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Beijing, the People's Republic of China

April 22, 2013

CONSENT OF TransAsia Lawyers, PRC COUNSEL

April 22, 2013

SINA CORPORATION

We hereby consent to references to our name by SINA CORPORATION under the heading “Government Regulation and Legal Uncertainties” and “Organizational Structure” on Form 20-F for the year ended December 31, 2012.

Yours faithfully,

For and on behalf of

/s/ TransAsia Lawyers

TransAsia Lawyers

China Real Estate Information Corporation

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For the Years Ended December 31, 2010 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of China Real Estate Information Corporation

We have audited the accompanying consolidated balance sheets of China Real Estate Information Corporation and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in equity and comprehensive income, and cash flows for each of the two years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu CPA Ltd.

Shanghai China
April 24, 2012

China Real Estate Information Corporation
Consolidated Balance Sheets
(In U.S. dollar except for share data)

	December 31,	
	2010	2011
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	340,719,732	305,461,218
Accounts receivable, net of allowance for doubtful accounts of \$4,985,475 and \$8,631,939 at December 31, 2010 and 2011, respectively	60,971,799	99,616,039
Prepaid expenses and other current assets	22,231,239	25,680,021
Amounts due from related parties	5,079,850	18,467,649
Total current assets	429,002,620	449,224,927
Property and equipment, net	11,177,160	13,861,841
Intangible assets, net	182,622,246	210,519,617
Goodwill	450,299,447	45,819,026
Investment in affiliates	4,444,136	12,989,341
Other non-current assets	6,377,153	14,725,608
Total assets	1,083,922,762	747,140,360
Liabilities and Equity		
Current liabilities:		
Accounts payable (including accounts payable of the consolidated VIEs without recourse to CRIC of \$805,772 and \$107,848 as of December 31, 2010 and 2011, respectively)	3,299,986	2,180,926
Advance from customers (including advance from customers of the consolidated VIEs without recourse to CRIC of \$3,581,008 and \$5,277,051 as of December 31, 2010 and 2011, respectively)	6,455,298	7,835,675
Accrued payroll and welfare expenses (including accrued payroll and welfare expenses of the consolidated VIEs without recourse to CRIC of \$5,998,335 and \$14,530,417 as of December 31, 2010 and 2011, respectively)	9,881,731	21,440,679
Income tax payable (including income tax payable of the consolidated VIEs without recourse to CRIC of \$3,824,260 and \$7,834,965 as of December 31, 2010 and 2011, respectively)	16,935,062	25,425,868
Other tax payable (including other tax payable of the consolidated VIEs without recourse to CRIC of \$2,965,717 and \$5,569,465 as of December 31, 2010 and 2011, respectively)	5,427,500	10,002,654
Amounts due to related parties (including amounts due to related parties of the consolidated VIEs without recourse to CRIC of \$2,029,595 and \$2,734,428 as of December 31, 2010 and 2011, respectively)	2,784,714	12,735,994
Liability for exclusive rights, current (including exclusive rights, current of the consolidated VIEs without recourse to CRIC of nil and \$13,830,821 as of December 31, 2010 and 2011, respectively)	—	13,830,821
Other current liabilities (including other current liabilities of the consolidated VIEs without recourse to CRIC of \$3,147,480 and \$5,095,788 as of December 31, 2010 and 2011, respectively)	7,731,235	13,770,583
Total current liabilities	52,515,526	107,223,200
Deferred tax liabilities, non-current (including deferred tax liabilities, non-current of the consolidated VIEs without recourse to CRIC of \$424,931 and \$1,430,257 as of December 31, 2010 and 2011, respectively)	39,969,421	39,806,571
Liability for exclusive rights, non-current (including liability for exclusive rights, non-current of the consolidated VIEs without recourse to CRIC of nil and \$21,408,384 as of December 31, 2010 and 2011, respectively)	—	21,408,384
Total liabilities	92,484,947	168,438,155
Commitments and contingencies (Note 16)		
Equity:		
Ordinary shares (\$0.0002 par value): 250,000,000 shares authorized, 143,749,405 and 140,320,006 shares issued and outstanding as of December 31, 2010 and 2011, respectively	28,750	28,064
Additional paid-in capital	882,428,759	881,010,674
Retained earnings (accumulated deficit)	97,556,895	(327,285,342)
Accumulated other comprehensive income	8,402,643	19,259,633
Subscription receivables	(97,749)	(768)
Total CRIC equity	988,319,298	573,012,261
Non-controlling interest	3,118,517	5,689,944
Total equity	991,437,815	578,702,205
Total liabilities and equity	1,083,922,762	747,140,360

The accompanying notes are an integral part of these consolidated financial statements.

China Real Estate Information Corporation
Consolidated Statements of Operations
(In U.S. dollar except for share data)

	<u>Years Ended December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
Revenues		
Third party revenues	155,309,013	223,629,354
Related party revenues	18,845,451	17,977,072
Total revenues	174,154,464	241,606,426
Cost of revenues	(41,009,561)	(65,565,789)
Selling, general and administrative expenses	(109,088,983)	(172,916,971)
Goodwill impairment charge	—	(417,822,304)
Income (loss) from operations	24,055,920	(414,698,638)
Other income:		
Interest income	1,726,580	1,920,052
Other income, net	3,174,113	681,530
Income (loss) before taxes and equity in affiliates	28,956,613	(412,097,056)
Income tax expense	(2,791,497)	(4,137,009)
Income (loss) before equity in affiliates	26,165,116	(416,234,065)
Loss from equity in affiliates	(276,385)	(181,407)
Net income (loss)	25,888,731	(416,415,472)
Less: Net income (loss) attributable to non-controlling interest	(52,109)	1,348,738
Net income (loss) attributable to CRIC shareholders	<u>25,940,840</u>	<u>(417,764,210)</u>
Earnings (loss) per share:		
Basic	\$ 0.18	\$ (2.95)
Diluted	\$ 0.18	\$ (2.95)
Shares used in computation:		
Basic	143,288,987	141,712,426
Diluted	146,193,046	141,712,426

The accompanying notes are an integral part of these consolidated financial statements.

China Real Estate Information Corporation
Consolidated Statements of Changes in Equity
and Comprehensive Income (Loss)
(In U.S. dollar)

	Ordinary Shares		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Subscription Receivables	Equity (Deficit) Attributable to CRIC	Non-controlling Interest	Total Equity
	Number	\$							
Balance at January 1, 2010	142,922,222	28,584	863,169,196	74,385,774	3,629,398	—	941,212,952	1,208,080	942,421,032
Net income	—	—	—	25,940,840	—	—	25,940,840	(52,109)	25,888,731
Foreign currency translation adjustments	—	—	—	—	4,773,245	—	4,773,245	64,964	4,838,209
Comprehensive income	—	—	—	—	—	—	30,714,085	12,855	30,726,940
Capital contribution and non-controlling interest recognized in connection with business acquisition	—	—	—	—	—	—	—	1,897,582	1,897,582
Distribution to E-House	—	—	—	(60,044)	—	—	(60,044)	—	(60,044)
Share-based compensation	—	—	17,443,841	(2,709,675)	—	—	14,734,166	—	14,734,166
Vesting of restricted shares	75,000	15	262,485	—	—	—	262,500	—	262,500
Exercise of share options	752,183	151	1,553,237	—	—	(97,749)	1,455,639	—	1,455,639
Balance at December 31, 2010	143,749,405	28,750	882,428,759	97,556,895	8,402,643	(97,749)	988,319,298	3,118,517	991,437,815
Net income	—	—	—	(417,764,210)	—	—	(417,764,210)	1,348,738	(416,415,472)
Foreign currency translation adjustments	—	—	—	—	10,856,990	—	10,856,990	160,042	11,017,032
Comprehensive loss	—	—	—	—	—	—	(406,907,220)	1,508,780	(405,398,440)
Capital contribution and non-controlling interest recognized in connection with business acquisition	—	—	3,394,128	—	—	—	3,394,128	1,485,232	4,879,360
Changes in equity ownership on partial disposal of subsidiaries	—	—	415,193	—	—	—	415,193	98,963	514,156
Share repurchase	(4,206,600)	(841)	(24,635,488)	(5,226,463)	—	—	(29,862,792)	—	(29,862,792)
Share-based compensation	—	—	18,451,579	(1,851,564)	—	—	16,600,015	—	16,600,015
Vesting of restricted shares	75,000	15	262,485	—	—	—	262,500	—	262,500
Exercise of share options	702,201	140	694,018	—	—	96,981	791,139	—	791,139
Disposal of subsidiaries	—	—	—	—	—	—	—	(493,617)	(493,617)
Dividend to non-controlling interest	—	—	—	—	—	—	—	(27,931)	(27,931)
Balance at December 31, 2011	<u>140,320,006</u>	<u>28,064</u>	<u>881,010,674</u>	<u>(327,285,342)</u>	<u>19,259,633</u>	<u>(768)</u>	<u>573,012,261</u>	<u>5,689,944</u>	<u>578,702,205</u>

The accompanying notes are an integral part of these consolidated financial statements.

China Real Estate Information Corporation
Consolidated Statements of Cash Flows
(In U.S. dollar)

	<u>Years Ended December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
Operating activities:		
Net income (loss)	25,888,731	(416,415,472)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	23,251,643	31,640,233
Allowance for doubtful accounts	(71,896)	4,886,717
Loss on disposal of subsidiaries	—	1,054,348
Gain from settlement of pre-existing relationship	—	—
Loss from equity in affiliates	276,385	181,407
Amortization of discounts related to liability for exclusive rights	—	891,441
Gain from sales of properties held for sale	(1,063,322)	(383,090)
Share-based compensation	14,734,166	16,600,015
Goodwill impairment charge	—	417,822,304
Others	(262,631)	260,102
Changes in operating assets and liabilities		
Accounts receivable	(30,959,152)	(43,551,514)
Amounts due from related parties	(2,619,278)	(12,887,666)
Prepaid expenses and other current assets	(6,903,149)	(3,992,769)
Other non-current assets	(78,975)	(4,332,813)
Accounts payable	967,694	(1,104,301)
Advance from customers	3,537,472	4,152,814
Accrued payroll and welfare expenses	6,125,547	11,769,984
Income tax payable	7,848,071	8,766,287
Other tax payable	2,421,341	4,846,288
Amounts due to related parties	(4,399,846)	416,207
Other current liabilities	2,849,587	7,954,879
Deferred tax	(5,547,289)	(9,429,070)
Net cash provided by operating activities	<u>35,995,099</u>	<u>19,146,331</u>
Investing activities:		
Deposit for and purchase of property and equipment and intangible assets	(6,916,843)	(18,478,376)
Purchase of subsidiaries, net of cash acquired	563,211	(22,910,764)
Investment in affiliates	(4,669,376)	(8,317,950)
Proceeds from disposal of property and equipment	36,580	57,037
Deposit and proceeds for properties held for sale	4,719,440	2,149,470
Proceeds from disposal of subsidiaries	—	117,457
Proceeds from partial disposal of subsidiaries	—	514,156
Deposit (return) for acquisition	(4,529,880)	4,529,880
Net cash used in investing activities	<u>(10,796,868)</u>	<u>(42,339,090)</u>
Financing activities:		
Contribution from non-controlling interests	249,246	418,233
Proceeds of loans from related parties	—	9,800,000
Proceeds from exercise of options	1,455,639	791,139
Share repurchase	—	(29,862,792)
Dividends to non-controlling interest	—	(27,931)
Net cash provided by (used in) financing activities	<u>1,704,885</u>	<u>(18,881,351)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,750,050</u>	<u>6,815,596</u>
Net increase (decrease) in cash and cash equivalents	29,653,166	(35,258,514)
Cash and cash equivalents at the beginning of the year	<u>311,066,566</u>	<u>340,719,732</u>
Cash and cash equivalents at the end of the year	<u>340,719,732</u>	<u>305,461,218</u>
Supplemental disclosure of cash flow information:		
Income taxes paid	5,742,205	5,750,679
Non-cash investing and financing activities:		
Amount due to related party for restricted shares transferred to equity	(262,500)	(262,500)
Related party receivable paid as dividend or (payable recorded as a capital contribution)	60,044	—
Non-controlling interest recognized in connection with business acquisition	1,648,336	1,066,999
Additional paid-in capital recognized in connection with business acquisition	—	3,394,128
Consideration payable for amount recognized in purchase of exclusive rights	—	35,239,205

The accompanying notes are an integral part of these consolidated financial statements.

China Real Estate Information Corporation
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2010 and 2011
(In U.S. dollar)

1. Organization and Principal Activities

China Real Estate Information Corporation (the “Company” or “CRIC”) was incorporated on August 21, 2008 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company, through its subsidiaries and consolidated variable interest entities (“VIEs”), is principally engaged in providing real estate information and consulting services, real estate online services, advertising services and promotional event services in the People’s Republic of China (“PRC”). The Company, its subsidiaries and consolidated VIEs are collectively referred to as the “Group”.

E-House (China) Holdings Limited (“E-House Holdings”) is the Company’s parent company. E-House Holdings, its subsidiaries, excluding the Group, are collectively referred to as “E-House”. E-House began developing a proprietary real estate database system, or the CRIC system, in 2002, initially to support services to its clients. In April 2006, E-House incorporated a subsidiary, CRIC (China) Information Technology Co., Ltd., in the British Virgin Islands (“CRIC BVI”). In July 2006, E-House, through CRIC BVI, established a new PRC subsidiary, Shanghai CRIC Information Technology Co., Ltd. (“Shanghai CRIC”), and transferred its assets and staff relating to the CRIC system to Shanghai CRIC. Prior to the establishment of Shanghai CRIC, the real estate information and consulting services were carried out by various companies owned by E-House Holdings. Shanghai CRIC began commercializing the CRIC system and offering information and related consulting services in 2006.

Shanghai CRIC began offering real estate advertising services in 2008 through an acquired VIE in China, Shanghai Tian Zhuo Advertising Co., Ltd. and its majority owned subsidiaries (“Tian Zhuo”).

E-House Holdings transferred all of the outstanding shares of CRIC BVI to CRIC in October 2008. The restructuring process has been accounted for as a reorganization of entities under common control.

In October 2009, the Company completed its initial public offering (“IPO”) on the NASDAQ Global Select Market and acquisition of SINA Corporation’s (“SINA”) (NASDAQ: SINA) 66% equity interest in China Online Housing Technology Corporation (“COHT”), an online real estate media platform in the PRC. COHT provides online advertising, information and updates related to the real estate and home furnishing industries in China through a consolidated VIE, Beijing Yisheng Leju Information Service Co., Ltd. (“Beijing Leju”).

Upon incorporation, the Company had 500,000,000 ordinary shares authorized, 1,000 ordinary shares issued and outstanding with a par value of \$0.0001 per share, all of which were held by E-House Holdings. On January 1, 2009, the Company issued an additional 99,999,000 ordinary shares to E-House Holdings for par value, or \$10,000. On August 29, 2009, the Company effected a reverse share split whereby all of 100,000,000 issued and outstanding ordinary shares, having a par value of \$0.0001 per share, were converted into 50,000,000 ordinary shares, having a par value of \$0.0002 per share, and the number of authorized shares was reduced from 500,000,000 to 250,000,000. On September 28, 2009, the Company issued 21,522,222 additional ordinary shares at par value to E-House Holdings. Both the reverse share split and the ordinary share issuance to E-House Holdings have been retroactively reflected for all periods presented herein.

Upon completion of its IPO and acquisition of COHT in October 2009, the Company issued 20,700,000 additional ordinary shares to the public, 47,666,667 shares in connection with the acquisition of COHT and 3,033,333 shares in exchange for a non-controlling interest.

In April 2010, Shanghai CRIC acquired 55% of the equity interest in Shanghai Dehu PR Consulting Co., Ltd., (“Shanghai Dehu”). Shanghai Dehu provides promotional events services.

The following table lists major subsidiaries and the consolidated VIEs of the Company as of December 31, 2011:

	<u>Date of incorporation</u>	<u>Place of incorporation</u>	<u>Percentage of Ownership</u>
Shanghai CRIC Information Technology Co., Ltd.	3-Jul-06	PRC	100%
Shanghai Dehu PR Consulting Co., Ltd.	9-Feb-07	PRC	55%
Shanghai Tian Zhuo Advertising Co., Ltd.	27-Feb-08	PRC	VIE
Beijing Yisheng Leju Information Services Co., Ltd.	13-Feb-08	PRC	VIE
Shanghai Yi Xin E-Commerce Co., Ltd.,	05-Dec-11	PRC	VIE

The Group’s consolidated financial statements for periods prior to the Company’s IPO in October 2009 have been prepared on a carve-out basis and represent the assets and liabilities and the related results of operations and cash flows of the Group, which represent two operating segments of E-House Holdings. The financial data of previously separate entities have been combined, to the extent included in the aforementioned operating segments of E-House Holdings, for all periods presented up to the IPO date as all such entities were under common control. However, such presentation may not necessarily reflect the results of operations, financial position and cash flows if the Group had actually existed on a standalone basis during the periods presented. Transactions between the Group and E-House are herein referred to as related party transactions.

In connection with its IPO, the Company entered into non-competition arrangements with E-House Holdings on July 29, 2009, according to which E-House has agreed not to compete with the Group in the real estate information and consulting services and real estate advertising services business anywhere in the world and the Group has agreed not to compete with E-House in any services then provided or contemplated by E-House. Prior to these non-competition arrangements, both E-House and the Group conducted real estate information and consulting services and primary real estate agency services. Shanghai CRIC began offering real estate advertising services in 2008, and there were no advertising activities prior to the formation of CRIC BVI and Shanghai CRIC. In August 2011, E-House and the Company amended the non-competition agreement. The amendment exempts, from E-House's and the Company's respective non-competition obligations, circumstances where they jointly establish any entity that competes in any way with the businesses of E-House or the Company, regardless of their respective ownership interests in such entity.

The consolidated financial statements for periods prior to CRIC's IPO include the Group's direct expenses as well as allocations for various selling, general and administrative expenses of E-House that are not directly related to real estate information and consulting services or real estate advertising services. These expenses consist primarily of share-based compensation expenses of senior management and shared marketing and management expenses including marketing, finance, legal, technology, human resources, administration and internal audit. These allocations were made using a proportional cost allocation method and were based on revenues, expenses and headcount as well as estimates of actual time spent on the provision of services attributable to the Group. Management believes these allocations are reasonable. Total selling, general and administrative expenses allocated from E-House were \$2,477,446 for the period from January 1, 2009 to the IPO date. Income tax liability is calculated based on a separate return basis as if the Group had filed a separate tax return. Subsequent to the IPO, there have not been any selling, general and administrative expenses allocations as E-House began charging the Group transitional corporate service fees pursuant to agreements entered into on July 29, 2009 in connection with the Company's IPO. Under these transitional services arrangements, E-House provides various corporate support services to the Group, including general finance and accounting, human resource management, administrative, internal control and internal audit, operational management, legal and information technology. E-House charges the Group a fee based on an estimate of the actual cost incurred to provide such services, which amounted to \$583,650, \$1,522,497 and \$1,085,600 for the period from the IPO date to December 31, 2009 and the years ended December 31, 2010 and 2011, respectively.

2. Summary of Principal Accounting Policies

(a) Basis of presentation

The consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

(b) Basis of consolidation

The consolidated financial statements include the financial statements of CRIC, its majority owned subsidiaries and its VIEs, Tian Zhuo, Beijing Leju and Shanghai Yi Xin E-Commerce Co., Ltd. ("Shanghai Yi Xin"). All significant inter-company transactions and balances have been eliminated in consolidation.

The Group evaluates each of its interests in private companies to determine whether or not the entity is a VIE and, if so, whether the Group is the primary beneficiary of such VIE. If deemed the primary beneficiary, the Group consolidates the VIE.

PRC regulations currently prohibit or restrict foreign ownership of companies that provide Internet content and advertising services. To comply with these regulations, the Group provides substantially all of its real estate advertising services through the investments held by Tian Zhuo, a PRC entity controlled by Xin Zhou, the Group's co-chairman and chief executive officer. On April 1, 2008, Tian Zhuo entered into various agreements with Shanghai CRIC, including a Consultancy Service Agreement, Shareholder Voting Rights Proxy Agreement and Exclusive Equity Transfer Call Agreement. Under these agreements, Shanghai CRIC provides Tian Zhuo with consulting and related services and information services and is entitled to receive service fees. In addition, the shareholder of Tian Zhuo irrevocably granted Shanghai CRIC the power to exercise all voting rights to which it was entitled. Finally, Shanghai CRIC has the option to acquire all or part of the equity interests in Tian Zhuo, to the extent permitted by the then-effective PRC laws and regulations, for nominal consideration.

Through the contractual arrangements described above, Shanghai CRIC is deemed the primary beneficiary of Tian Zhuo. Accordingly, the results of Tian Zhuo and its subsidiaries have been included in the accompanying consolidated financial statements.

The Group provided a \$12,594,786 interest free loan to Xin Zhou to fund (i) Tian Zhuo's capital requirements of \$146,314, (ii) acquisitions of \$5,120,989 and (iii) prepayments and deposits for a three-year period for real estate advertising placements to certain Shanghai newspapers. Tian Zhuo repaid nil and nil during the years ended December 31, 2010 and 2011, respectively.

The following financial statement amounts and balances of Tian Zhuo were included in the accompanying consolidated financial statements:

	As of December 31,	
	2010	2011
	\$	\$
Cash and cash equivalents	12,133,157	2,860,592
Accounts receivable, net of allowance for doubtful accounts	3,649,591	2,171,155
Prepaid expenses and other current assets	1,511,617	2,859,503
Amounts due from related parties	195,639	60,576
Total current assets	17,490,004	7,951,826
Total non-current assets	6,562,186	12,584,611
Total assets	24,052,190	20,536,437
Accounts payable	319,812	107,848
Advance from customers	—	20,027
Accrued payroll and welfare expenses	611,029	277,949
Income tax payable	1,156,467	1,044,750
Other tax payable	412,247	155,588
Other current liabilities	960,528	159,629
Total current liabilities	3,460,083	1,765,791
Deferred tax liabilities, non-current	202,955	21,474
Total liabilities	3,663,038	1,787,265
	Years Ended December 31,	
	2010	2011
	\$	\$
Total revenues	10,394,582	5,340,767
Net income (loss)	37,030	(2,963,353)

To comply with PRC laws and regulations, COHT provides substantially all its Internet content and advertising services in China via its VIE, Beijing Leju. Beijing Leju is an advertising agency that sells the advertisements for its real-estate and home furnishing channels. Beijing Leju is wholly-owned by certain PRC officers of the Group and was funded by COHT through interest-free loans to such officers. These officers are contractually required to transfer their ownership interest in Beijing Leju to COHT when permitted by PRC laws and regulations at any time for the amount of loans outstanding. The shareholders of Beijing Leju irrevocably granted COHT the power to exercise all voting rights to which it was entitled. COHT has also entered into exclusive technical service agreements with Beijing Leju under which COHT provides technical and other services to Beijing Leju in exchange for substantially all of Beijing Leju's net income. In addition, the employee shareholders have pledged their shares in Beijing Leju as collateral for the non-payment of loans and technical and other service fees. As of December 31, 2011, the total amount of interest-free loans extended to the Group's employee shareholders was \$1,587,070 and the accumulated loss of Beijing Leju subsequent to acquisition was \$76,663, which has been included in the consolidated financial statements.

The following financial statement amounts and balances of Beijing Leju were included in the accompanying consolidated financial statements:

	As of December 31,	
	2010	2011
	\$	\$
Cash and cash equivalents	41,914,203	26,109,401
Accounts receivable, net of allowance for doubtful accounts	35,028,633	62,707,241
Prepaid expenses and other current assets	10,192,141	15,246,498
Total current assets	87,134,977	104,063,140
Total noncurrent assets	5,402,561	64,857,697
Total assets	92,537,538	168,920,837
Accounts payable	485,960	—
Advance from customers	3,581,008	5,257,024
Accrued payroll and welfare expenses	5,387,306	14,252,468
Income tax payable	2,667,793	6,790,215
Other tax payable	2,553,470	5,413,877
Amounts due to related parties	2,029,595	2,734,428
Liability for exclusive rights, current	—	13,830,821
Other current liability	2,186,952	4,936,159
Total current liabilities	18,892,084	53,214,992
Liability for exclusive rights, non-current	—	21,408,384
Deferred tax liabilities, non-current	221,976	1,408,783
Total liabilities	19,114,060	76,032,159

	Years Ended December 31,	
	2010	2011
	\$	\$
Total revenues	66,876,338	116,355,742
Net income (loss)	1,025,534	(1,250,119)

In April 2011, E-House and CRIC jointly established Evercrest Holdings Limited in the British Virgin Islands. E-House and CRIC hold 49% and 51% of the equity interest in the joint venture, respectively. Evercrest Holdings Limited, through its indirect wholly-owned subsidiary in Hong Kong, further established a wholly-owned subsidiary in China, Shanghai Yi Yue Information Technology Co., Ltd. (“Shanghai Yi Yue”). Shanghai Yi Yue operates a real estate e-commerce business through its contractual arrangements with Shanghai Yi Xin and its shareholders. Shanghai Yi Xin is wholly-owned by certain PRC employees of the Group and was funded by Shanghai Yi Yue through interest-free loans to such employee shareholders. These employee shareholders are contractually required to transfer their ownership interest in Shanghai Yi Xin to Shanghai Yi Yue when permitted by PRC laws and regulations at any time for the amount of loans outstanding. The employee shareholders of Shanghai Yi Xin irrevocably granted Shanghai Yi Yue the power to exercise all voting rights to which it was entitled. Shanghai Yi Yue has also entered into exclusive technical service agreements with Shanghai Yi Xin under which Shanghai Yi Yue provides technical and other services to Shanghai Yi Xin in exchange for substantially all of Shanghai Yi Xin’s net income. In addition, the employee shareholders have pledged their shares in Shanghai Yi Xin as collateral for the non-payment of loans and technical and other service fees. As of December 31, 2011, the total amount of interest-free loans extended to the Group’s employee shareholders was \$2,380,605 and the accumulated loss of Shanghai Yi Xin was \$1,081, which has been included in the consolidated financial statements. Shanghai Yi Xin had not commenced operations as of December 31, 2011.

There are no consolidated VIE’s assets that are collateral for the VIE’s obligations or are restricted solely to settle the VIE’s obligations.

The Company believes that CRIC’s contractual arrangements with Tian Zhuo, Beijing Leju and Shanghai Yi Xin are in compliance with PRC law and are legally enforceable. The shareholders of the consolidated VIEs are also shareholders or senior management of the Company and therefore the Company believes that they have no current interest in seeking to act contrary to the contractual arrangements. However, the consolidated VIEs and their shareholders may fail to take certain actions required for the Group’s business or to follow the Group’s instructions despite their contractual obligations to do so. Furthermore, if the VIEs or their shareholders do not act in the best interests of the Company under the contractual arrangements and any dispute relating to these contractual arrangements remains unresolved, the Company will have to enforce its rights under these contractual arrangements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. 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. As a result, uncertainties in the PRC legal system could limit the Company’s ability to enforce these contractual arrangements, which may make it difficult to exert effective control over the Company’s consolidated VIEs, and its ability to conduct the Group’s business may be adversely affected.

(c) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates. Significant accounting estimates reflected in the Group’s financial statements include estimated useful lives and valuation of long-lived assets, valuation of goodwill, allowance for doubtful accounts, assumptions related to share-based compensation arrangements, assumption related to the consolidation of entities in which the Group holds variable interest, uncertain tax positions and the valuation allowance on deferred tax assets.

(d) Fair value of financial instruments

The Group records certain of its financial assets and liabilities at fair value on a recurring basis. Fair value reflects 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, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

The Group applies 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. The hierarchy is as follows:

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 assets 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 assets 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.

The carrying amount of cash, accounts receivable, advance payment for properties, other receivables, accounts payable, advance from customers, other payables, current portion of liabilities for exclusive rights and amounts due from/to related parties approximates fair value due to their short-term nature.

The fair value of the non-current portion of liabilities for exclusive rights was nil and \$21,408,384 as of December 31, 2010 and December 31, 2011, respectively, based on discounted cash flows.

(e) Business combinations

Business combinations are recorded using the purchase method of accounting and, accordingly, the acquired assets and liabilities are recorded at their fair market value at the date of acquisition. Any excess of acquisition cost over the fair value of the acquired assets and liabilities, including identifiable intangible assets, is recorded as goodwill.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and demand deposits, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less.

(g) Accounts receivable

Accounts receivable, net of allowance for doubtful accounts of \$4,985,475 and \$8,631,939 at December 31, 2010 and 2011, respectively, consists of following:

	<u>As of December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
Billed accounts receivable	9,796,367	22,299,683
Unbilled accounts receivable	<u>51,175,432</u>	<u>77,316,356</u>
Total	<u>60,971,799</u>	<u>99,616,039</u>

Unbilled accounts receivable represents amounts recognized in revenue prior to issuing official tax receipts to customers. The Group regularly reviews the collectability of unbilled accounts receivable in the same method as billed accounts receivable.

(h) Properties held for sale

Properties held for sale are stated at the lower of cost or net realizable value. Cost comprises the cost of purchase and direct costs associated with the purchase. The Group evaluates its properties held for sale for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There was no impairment for properties held for sale for the years ended December 31, 2010 and 2011. The realized gain from the sale of the properties was \$1,063,322 and \$383,090 for the years ended December 31, 2010 and 2011, respectively. As of December 31, 2011, the Group held one residential property with a total carrying value of \$310,003, which was included as a component of prepaid expenses and other current assets. As of December 31, 2010, the Group held 10 units of an office building with a total carrying value of \$1,871,062, which was included as a component of prepaid expenses and other current assets.

(i) Investment in affiliates

Affiliated companies are entities over which the Group has significant influence, but which it does not control. The Group generally considers an ownership interest of 20% or higher to represent significant influence. Investments in affiliates are accounted for by the equity method of accounting. Under this method, the Group's share of the post-acquisition profits or losses of affiliated companies is recognized in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. Unrealized gains on transactions between the Group and its affiliated companies are eliminated to the extent of the Group's interest in the affiliated companies; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an affiliated company equals or exceeds its interest in the affiliated company, the Group does not recognize further losses, unless the Group has incurred obligations or made payments on behalf of the affiliated company.

The Group is required to perform an impairment assessment of its investments whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary. The Group has not recorded any impairment losses in any of the periods reported. As of December 31, 2011, the Group determined that no such events were present.

(j) Property and equipment, net

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Leasehold improvements	Over the shorter of the lease term or their estimated useful lives
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Gains and losses from the disposal of property and equipment are included in income from operations.

(k) Intangible assets, net

Acquired intangible assets mainly consist of license agreements with SINA, a real estate advertising agency agreement with SINA, CRIC database license agreement, exclusive rights, favorable lease terms, customer relationships and non-compete agreements from business combinations and are recorded at fair value on the acquisition date. All intangible assets, with the exception of customer relationships, are amortized ratably over the contract period. Intangible assets resulting out of acquired customer relationships are amortized based on the timing of the revenue expected to be derived from the respective customer.

(l) Internally developed software

Qualifying costs incurred during the application development stage, which consist primarily of internal labor costs and external cost, are capitalized and amortized over the estimated useful life of the asset. All other costs are expensed as incurred. Historically the costs incurred have been immaterial and, as a result, expensed as incurred.

(m) Impairment of long-lived assets

The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss equal to the excess of the carrying amount over the fair value of the assets.

(n) Impairment of goodwill

The Group performs an annual goodwill impairment test comprised of two steps. The first step compares the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. An impairment loss is recognized for any excess in the carrying value of goodwill over the implied fair value of goodwill. Management performs its goodwill impairment test for each of its reporting units as of December 31 of each year or when there is a triggering event causing management to believe it is more likely than not that the carrying amount of goodwill may be impaired.

(o) Income taxes

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carryforwards and credits by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on the characteristics of the underlying assets and liabilities.

The Group only recognizes tax benefits related to uncertain tax positions when such positions are more likely than not of being sustained upon examination. For such positions, the amount of tax benefit that the Group recognizes is the largest amount of tax benefit that is more than fifty percent likely of being sustained upon the ultimate settlement of such uncertain position. The Group records interest and penalties as a component of income tax expense.

(p) Share-based compensation

Share-based compensation cost is measured on the grant date, based on the fair value of the award, and recognized as an expense over the requisite service period. Management has made an estimate of expected forfeitures and recognizes compensation cost only for those equity awards expected to vest.

(q) Revenue recognition

The Group recognizes revenues when there is persuasive evidence of an arrangement, service has been rendered, the sales price is fixed or determinable and collectability is reasonably assured. Revenues are recorded, net of sales related taxes.

The Group provides real estate consulting services, which includes periodic consulting services and project-based consulting services. Project-based consulting services involve providing real estate consulting services to customers in relation to land acquisition and property development. In certain instances, payment is contingent upon the delivery of a final product, such as closing a land acquisition transaction or providing a market study report. Revenue is recognized under such arrangements upon delivery of the final product, assuming customer acceptance has occurred and the fee is no longer contingent. Periodic consulting services involve providing consulting services which are tailored to meet the needs of real estate developer clients at various stages of the project development and sales process for a specified period, such as monthly studies. The contractual period for such arrangements is usually between three and 12 months with revenue being recognized ratably over such period.

The Group sells subscriptions to its proprietary CRIC system for which revenues are recognized ratably over the subscription period, which is usually six to 12 months. The Group also provides data integration services periodically, such as periodic market updates and analysis, which suit the specific needs and requirements of individual clients in addition to access to the CRIC system. The contractual period for such arrangements is usually between one and 12 months with revenue being recognized ratably over such period.

The Group generates online real estate revenues principally from online advertising, sponsorship arrangements and, to a lesser extent, hosting arrangements. Online advertising arrangements allow advertisers to place advertisements on particular areas of the Group's websites, in particular formats and over particular periods of time. Advertising revenues from online advertising arrangements are recognized ratably over the contract period of display when collectability is reasonably assured. Sponsorship arrangements allow advertisers to sponsor a particular area on the Group's websites in exchange for a fixed payment over the contract period. Advertising revenues from sponsorship arrangements are recognized ratably over the contract period. Revenues for advertising services are recognized net of agency rebates. The Group also generates advertising revenues from outsourcing certain regional sites for a fixed period of time to local hosting partners, who are responsible for both website operation and related advertising sales. Advertising revenues from hosted websites are recognized ratably over the term of the contract. The Group also generates revenue from keyword advertising. Keyword advertising revenues are recognized ratably over the contract period when collectability is reasonably assured.

The Group also generates revenues from real estate advertising design services, which are recognized ratably over the specified contract period ranging from three to 12 months. The Group also provides advertising sales services by acquiring advertising space and subsequently reselling such space. Revenues under such arrangements are recognized when the related advertisement is placed. Advertising sales revenues are recognized on a gross basis because the Group acts as the principal and is the primary obligor in the arrangement.

The Group also provides promotional events services and recognizes revenues when such services are rendered and assuming all other revenue recognition criterion have been met.

Effective January 1, 2011, the Group adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2009-13, "Multiple-Deliverable Revenue Arrangements", prospectively for all new and materially modified arrangements. ASU 2009-13 requires the Group to allocate revenue to arrangement deliverables using the relative selling price method.

The Group has multiple element arrangements that may include provision of online advertising, promotional events services, consulting services and/or information subscription for the CRIC system. The Group has determined that each of the deliverables listed above is considered a separate unit of account as each has value to the customer on a standalone basis and has been sold separately on a standalone basis, there is no general right of return on delivered items and the delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the Group.

The Group allocates arrangement consideration in multiple-deliverable revenue arrangements at the inception of an arrangement to all deliverables based on the relative selling price in accordance with the selling price hierarchy, which includes: (i) vendor-specific objective evidence ("VSOE") if available; (ii) third-party evidence ("TPE") if VSOE is not available; and (iii) best estimate of selling price ("BESP") if neither VSOE nor TPE is available.

VSOE. The Group determines VSOE based on its historical pricing and discounting practices for the specific service when sold separately. In determining VSOE, the Group requires that a substantial majority of the selling prices for these services fall within a reasonably narrow pricing range. The Group has historically priced its periodic consulting services, subscription for the CRIC system and online advertising within a narrow range. As a result, the Group has used VSOE to allocate the selling price for these services when elements of a multiple element arrangement. The Group has not historically priced project-based consulting service and promotional event services within a narrow range, therefore, the Group considers TPE and BESP as discussed below.

TPE. When VSOE cannot be established for deliverables in multiple element arrangements, the Group applies judgment with respect to whether it can establish a selling price based on TPE. TPE is determined based on competitor prices for similar deliverables when sold separately. Generally, the Group's marketing strategy differs from that of its peers and its offerings contain a significant level of differentiation such that the comparable pricing of services with similar functionality cannot be obtained. Furthermore, the Group is unable to reliably determine what similar competitor services' selling prices are on a stand-alone basis. As a result, the Group has not been able to establish selling price based on TPE.

BESP. When it is unable to establish selling price using VSOE or TPE, the Group uses BESP in its allocation of arrangement consideration. The objective of BESP is to determine the price at which the Group would transact a sale if the service were sold on a stand-alone basis. The Group determines BESP for deliverables by considering multiple factors including, but not limited to, prices it charged for similar offerings, market conditions, specification of the services rendered and pricing practices. The Group has used BESP to allocate the selling price of project-based consulting services and promotional event services under these multiple element arrangement. The process for determining BESP involves management judgment. The Group's process considers multiple factors that may vary depending upon the unique facts and circumstances related to each deliverable. Key factors that the Group considers in developing its BESP include prices charged for similar offerings, service scope and historical pricing practices. If the facts and circumstances underlying the factors the Group considers change, or should subsequent facts and circumstances lead the Group to consider additional factors, the Group's BESP could change in future periods. The Group regularly reviews the evidence of selling price for its services and maintains internal controls over the establishment and updates of these estimates. There were no material changes in estimated selling price for its services during the year ended December 31, 2011 nor does the Group expect material changes in BESP in the foreseeable future.

Under the previous accounting literature, when an arrangement included project-based consulting services and subscriptions for the CRIC system, the entire arrangement was considered a single unit of account as the Group did not have VSOE for project-based consulting services. Revenue was recognized based on the revenue recognition model for the final deliverable in the arrangement, which was typically the subscription for the CRIC system, which required ratable recognition over the subscription period. The Group had objective and reliable evidence of the fair value of the CRIC subscription service. As such, upon delivery of the consulting product, the Group deferred the fair value of the remaining CRIC subscription and recognized the residual amount, or the difference between the remaining fair value of the CRIC subscription and the total arrangement fee, as revenue, assuming all other revenue recognition criteria had been met. The residual amount recognized was limited to the cumulative amount due under the terms of the arrangement. Under ASU 2009-13, the Group is required to use BESP when neither VSOE nor TPE is available. As a result, the Group is able to recognize the relative fair value of the elements as they are delivered, assuming other revenue recognition criteria are met.

If the Group had applied the provisions of ASU 2009-13 for the year ended December 31, 2010, there would have been no material effect on revenue during that period. Additionally, the adoption of ASU 2009-13 did not have a material effect on revenue for the year ended December 31, 2011 when compared to the revenue that would have been recognized under the guidance in effect prior to adoption of ASU 2009-13, given the BESP of project-based consulting and VSOE of the subscription for the CRIC system has historically approximated their respective contract prices and the project-based consulting services have generally been delivered at the beginning of the subscription period. The effect of adopting this guidance in future periods will depend on the nature of the Group's customer arrangements in those periods, including the nature of services included in those arrangements, the magnitude of revenue associated with certain deliverables in those arrangements, and the timing of delivery of the related services in those arrangements, among other considerations. While the effect in future periods is dependent on these factors and future go-to-market strategies, the Group does not currently expect the adoption of ASU 2009-13 to have a material effect on the timing and pattern of revenue recognition in future periods. The Group does not expect this new guidance to affect future pricing practices or go-to-market strategies.

Deferred revenues are recognized when payments are received in advance of revenue recognition.

(r) Cost of revenue

Cost of revenue for real estate information and consulting services primarily consists of sales commission and costs incurred for developing, maintaining and updating the CRIC system, which includes cost of data purchased or licensed from third-party sources, technical personnel related costs and associated equipment depreciation. Cost of revenue for online real estate services consists of costs associated with the production of websites, which includes fees paid to third parties for internet connection, content and services, technical personnel related costs, amortization of intangible assets, depreciation associated with website production equipment and fees paid to SINA for advertising inventory on non-real estate channels. Cost of revenue also consists of fees paid to third parties for the services directly related to advertising design and promotional event services and the cost incurred to acquire advertising space for resale. Cost of revenue for promotional event services includes salaries of sales and support staff and fees paid to third parties for the services directly related to promotional event services.

(s) Advertising expenses

Advertising expenses are charged to the statements of operations in the period incurred and amounted to \$14,276,536 and \$28,944,826 for the years ended December 31, 2010 and 2011, respectively.

(t) Foreign currency translation

The functional currency of the Company is the United States dollar ("U.S. dollar") and is used as the reporting currency of the Company. Monetary assets and liabilities denominated in currencies other than the U.S. dollar are translated into U.S. dollar at the rates of exchange ruling at the balance sheet date. Equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as foreign currency translation adjustment and are shown as a separate component of other comprehensive income in the consolidated statements of shareholder's equity and comprehensive income.

The financial records of certain of the Company's subsidiaries are maintained in local currencies other than the U.S. dollar, such as Renminbi ("RMB"), which are their functional currencies. Transactions in other currencies are recorded at the rates of exchange prevailing when the transactions occur.

The Group recorded an exchange loss of \$641,043 and \$907,576 for the years ended December 31, 2010 and 2011, respectively.

(u) Government subsidies

Government subsidies include cash subsidies received by the Company's subsidiaries and VIEs in the PRC from local governments. These subsidies are generally provided as incentives for conducting business in certain local districts. Cash subsidies of \$2,143,869 and \$2,902,130 for the years ended December 31, 2010 and 2011 are included in other income (expense) in the consolidated statements of operations. There is no assurance that the Group will receive similar or any subsidies in the future.

(v) Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Group places its cash and cash equivalents with reputable financial institutions.

The Group regularly reviews the creditworthiness of its customers, but generally does not require collateral or other security from its customers. The Group establishes an allowance for doubtful accounts primarily based on factors surrounding the credit risk of specific customers, including overall relationship with the customer, past and ongoing business relationship, past record and pattern of settling receivables, length of the receivable and other specific information indicating the collectability of the receivables.

Movement of the allowance for doubtful accounts for accounts receivable and other receivables is as follows:

	Years Ended December 31,	
	2010	2011
	\$	\$
Balance as of January 1,	5,625,089	4,985,475
Provisions for doubtful accounts	656,333	5,449,356
Recovery of provisions for doubtful accounts	(728,229)	(562,639)
Write offs	(728,707)	(1,578,623)
Changes due to foreign exchange	160,989	338,370
Balance as of December 31,	<u>4,985,475</u>	<u>8,631,939</u>

(w) Earnings per share

Basic earnings per share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares.

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated:

	Years Ended December 31,	
	2010	2011
Net income (loss) attributable to CRIC shareholders	<u>\$ 25,940,840</u>	<u>\$ (417,764,210)</u>
Weighted average ordinary shares outstanding — basic	143,288,987	141,712,426
Share options	2,904,059	—
Weighted average number of ordinary shares outstanding — diluted	<u>146,193,046</u>	<u>141,712,426</u>
Basic earnings (loss) per share	<u>\$ 0.18</u>	<u>\$ (2.95)</u>
Diluted earnings (loss) per share	<u>\$ 0.18</u>	<u>\$ (2.95)</u>

Diluted earnings (loss) per share do not include the following instruments as their inclusion would have been anti-dilutive:

	Years Ended December 31,	
	2010	2011
Share options	—	2,077,399

(x) Comprehensive income

Comprehensive income includes all changes in equity except those resulting from investments by owners and distributions to owners. For the years presented, total comprehensive income included net income and foreign currency translation adjustments.

(y) Recently issued accounting pronouncements

In May 2011, the FASB issued ASU 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs”. This ASU is the result of joint efforts by the FASB and International Accounting Standards Board to develop a single, converged fair value framework. The guidance is largely consistent with existing fair value measurement principles in U.S. GAAP. The guidance expands the existing disclosure requirements for fair value measurements and makes other amendments. The guidance is to be applied prospectively and is effective for interim and annual periods beginning after December 15, 2011. Early application is not permitted. The Group does not expect the adoption of this pronouncement will have a significant effect on its consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, “Comprehensive Income (Topic 220): Presentation of Comprehensive Income”. This ASU revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in ASC 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format used today, and the second statement would include components of other comprehensive income (“OCI”). The ASU does not change the items that must be reported in OCI. For public entities, the ASU’s amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. For all entities, guidance must be applied retrospectively for all periods presented in the financial statements. Early adoption is permitted. The Group does not expect the adoption of this ASU will have a significant effect on its consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, “Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment”. This ASU permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments in this ASU apply to all entities, both public and nonpublic, that have goodwill reported in their financial statements. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity’s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Group does not expect the adoption of this pronouncement will have a significant effect on its consolidated financial statements.

In December 2011, the FASB issued a further authoritative pronouncement, ASU2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in ASU2011-05.” Under the amendments in ASU 2011-05, entities are required to present reclassification adjustments and the effect of those reclassification adjustments on the face of the financial statements where net income is presented, by component of net income, and on the face of the financial statements where other comprehensive income is presented, by component of other comprehensive income. In addition, the amendments in ASU 2011-05 require that reclassification adjustments be presented in interim financial periods. The amendments supersede changes to those paragraphs in ASU 2011-05 that pertain to how, when, and where reclassification adjustments are presented. Due to the time required to properly make such a reassessment and to evaluate alternative presentation formats, the Board decided that it is necessary to reinstate the requirements for the presentation of reclassifications out of accumulated other comprehensive income that were in place before the issuance of ASU 2011-05. The amendments in this ASU are effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Group is in the process of evaluating the effect of adoption of this pronouncement.

In December 2011, the FASB issued an authoritative pronouncement on disclosures about offsetting assets and liabilities. Under this pronouncement, entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Group is in the process of evaluating the effect of adoption of this pronouncement.

3. Investment in Affiliates

In August 2010, the Group entered into a cooperation agreement with China Real Estate Research Association (“CRERA”) and China Real Estate Association (“CREA”) to form a joint venture, Beijing China Real Estate Research Association Technology Ltd (“CRERAT”), which has the exclusive rights to host exhibition and activities sponsored by CRERA or CREA. The new entity also provides other real estate related research reports and consulting services. CRIC paid \$4,669,376 for a 51% equity interest in the joint venture. CRERA and CREA, collectively own the remaining 49%. The Group does not control the board of CRERAT, who has the power to direct the entity’s significant operating activities. Therefore, the transaction was accounted for using the equity method. Under the cooperation agreement, the Group guaranteed profits of up to \$18,119,520 to CRERA and CREA over the eight year term of the joint venture. In December 2011, the profit guarantee clause was removed in a supplementary agreement signed among the Group, CRERA and CREA.

In 2011, the Group paid \$7.9 million (RMB50 million) for a 1.8821% equity interest in Star Capital Real Estate Development Fund Management (“Star Capital”) as a limited partner. Mr. Xin Zhou, the Group’s co-chairman and chief executive officer serves as a director of Star Capital. The Group’s interest in Star Capital is more than minor and thus is subject to the equity method. The Group records its income (loss) from this investment one quarter in arrears to enable it to have more time to collect and analyze the investments’ results.

4. Acquisitions of Subsidiaries

In March 2011, the Group acquired Firmway Assets Limited (“Firmway”), a company incorporated in the British Virgin Islands, for \$12,000,000 from E-House China Real Estate Investment Fund I, L.P. (the “Fund”). Firmway had acquired a 20-year lease for an office building in Shanghai and was developing such building for subsequent sub-lease. The Group acquired Firmway to obtain the lease of the office building, which the Group intends to use as its corporate office. The purchase price was allocated as follows:

	<u>Allocated Value</u>	<u>Amortization Period</u>
	\$	
Cash	1,731,778	
Amount due from related parties	1,189,679	
Prepaid rent	3,815,608	20 years
Liabilities assumed	(1,927)	
Favorable lease term	5,264,862	20 years
Goodwill	1,316,215	
Deferred tax liabilities	(1,316,215)	
Total	<u>12,000,000</u>	

The goodwill was allocated to the real estate information and consulting services segment and is not deductible for tax purposes.

In August 2011, the Group acquired Beijing Jiahua Xinlian Media Advertisement Co., Ltd. (“Beijing Jiahua”), which is a real estate advertisement agency, in exchange for a 16% equity interest of the Group’s subsidiary Beijing Yisheng Leju Advertisement Co., Ltd. (“Beijing Advertisement”), having a fair value of \$3,398,954, and cash consideration of \$9,416,363, to further expand its real estate online services. The acquisition was made to expand the Group’s online advertising business by leveraging Beijing Jiahua’s advertising network. The goodwill mainly reflected the competitive advantages the Company expected to realize from Beijing Jiahua’s standing in the online advertising agency industry, including synergies related to sales and distribution, and growth prospects for higher sales volumes and improved market position, which do not qualify for separate recognition of intangible assets.

The transaction was accounted for using the purchase method with the purchase price allocated as follows:

	<u>Allocated Value</u>	<u>Amortization Period</u>
	\$	
Total tangible assets acquired	78,775	
Liabilities assumed	(468)	
Customer relationship	3,307,686	7.3 years
Non-compete agreements	953,596	2.6 years
Goodwill	9,541,048	
Deferred tax liabilities	(1,065,320)	
Total	<u>12,815,317</u>	

The goodwill was allocated to real estate online services segment and is not deductible for tax purposes.

In August 2011, the Group acquired Beijing Shangtuo Shunze Media Advertisement Co., Ltd (“Beijing Shangtuo”), which is a real estate advertisement agency, in exchange for a 5% equity interest in Beijing Advertisement, having a fair value of \$1,062,173, and cash consideration of \$3,139,312. The acquisition was made to expand the Group’s online advertising business by leveraging Beijing Shangtuo’s advertising network. The goodwill mainly reflected the competitive advantages the Company expected to realize from Beijing Shangtuo’s standing in the online advertising agency industry, including synergies related to sales and distribution, and growth prospects for higher sales volumes and improved market position, which do not qualify for separate recognition of intangible assets.

The transaction was accounted for using the purchase method with the purchase price allocated as follows:

	<u>Allocated Value</u>	<u>Amortization Period</u>
	\$	
Total tangible assets acquired	78,827	
Liabilities assumed	(928)	
Customer relationship	983,494	7.3 years
Non-compete agreements	413,854	2.6 years
Goodwill	3,075,575	
Deferred tax liabilities	<u>(349,337)</u>	
Total	<u>4,201,485</u>	

The goodwill was allocated to real estate online services segment and is not deductible for tax purposes.

5. Property and Equipment, Net

Property and equipment, net consists of the following:

	As of December 31,	
	2010	2011
	\$	\$
Leasehold improvements	5,097,636	6,548,318
Furniture, fixtures and equipment	9,868,278	13,240,355
Motor vehicles	997,773	1,394,833
Total	15,963,687	21,183,506
Less: Accumulated depreciation	(4,786,527)	(7,321,665)
Property and equipment, net	11,177,160	13,861,841

Depreciation expense was \$2,473,490 and \$3,287,611 for the years ended December 31, 2010 and 2011, respectively.

6. Intangible Assets, Net

Intangible assets subject to amortization are comprised of the following:

	As of December 31,	
	2010	2011
	\$	\$
Real estate advertising agency agreement with SINA	106,790,000	106,790,000
License agreements with SINA	80,660,000	80,660,000
Exclusive rights	—	43,847,992
Customer relationship	7,443,088	11,771,028
CRIC database license agreement	8,300,000	8,300,000
Favorable lease term	2,428,110	7,692,972
Non-compete agreements	2,074,417	3,262,157
Computer software licenses	1,352,461	2,785,017
Domain name	—	96,518
	209,048,076	265,205,684
Less: Accumulated amortization		
Real estate advertising agency agreement with SINA	(13,087,008)	(23,556,616)
License agreements with SINA	(10,082,500)	(18,148,500)
Exclusive rights	—	(5,926,487)
Customer relationship	(541,013)	(2,256,989)
CRIC database license agreement	(1,220,589)	(2,197,060)
Favorable lease term	(212,460)	(333,866)
Non-compete agreements	(768,887)	(1,218,096)
Computer software licenses	(513,373)	(1,042,823)
Domain name	—	(5,630)
	(26,425,830)	(54,686,067)
Intangible assets subject to amortization, net	182,622,246	210,519,617

The Group purchased exclusive rights from Baidu, Inc (“Baidu”) which allow it to sell Baidu’s real estate related Brand Link product, which is a form of keyword advertising, and to use and operate Baidu’s exclusive real estate-related web channel for \$47,612,100, which will be paid within three years. Such rights expire in August of 2014.

The fair value of \$43,847,992 was calculated by discounting the future cash payments to be made from 2012 to 2014. The difference between the fair value and the principal amount of \$3,764,108 is being amortized using the effective interest method and amounted to \$891,441 for the year ended December 31, 2011.

Amortization expense was \$20,778,153 and \$28,352,622 for the years ended December 31, 2010 and 2011, respectively. The Group expects to record amortization expense of \$37,989,949, \$37,981,900, \$30,590,696, \$21,211,077 and \$20,891,526 for the years ending December 31, 2012, 2013, 2014, 2015 and 2016, respectively.

7. Goodwill

Changes in the carrying amount of goodwill by segment are as follows:

	Real Estate Information and Consulting Services	Real Estate Online Services	Other Services	Total
	\$	\$	\$	\$
Balance as of January 1, 2010	4,350,789	444,885,665	666,257	449,902,711
Goodwill recognized upon acquisition	—	396,736	—	396,736
Gross Goodwill	4,350,789	445,282,401	666,257	450,299,447
Accumulated impairment	—	—	—	—
Balance as of December 31, 2010	4,350,789	445,282,401	666,257	450,299,447
Goodwill recognized upon acquisition	1,316,215	12,616,623	—	13,932,838
Disposal of subsidiaries	—	—	(666,257)	(666,257)
Exchange rate translation	—	75,302	—	75,302
Gross goodwill	5,667,004	457,974,326	—	463,641,330
Goodwill impairment	—	(417,822,304)	—	(417,822,304)
Balance as of December 31, 2011	5,667,004	40,152,022	—	45,819,026

A substantial portion of goodwill on the Group’s balance sheet relates to the acquisition of the Group’s online unit in 2009. Toward the end of the third quarter of 2011, China’s real estate market showed signs of further slowdown under the government’s continued restrictive policies and further credit tightening. The online unit started to slow down as developers became more pessimistic about increasing sales volume and more cautious with their advertising spending. The Group believed that this would result in slower than previously expected growth for its online business over the next several years. In addition, the Group experienced a 31% decline in its stock price from June 30, 2011 to September 30, 2011. These circumstances prompted management to evaluate and test the fair value of the Group’s reporting units against their carrying amount. The Group utilized the income approach valuation method (level 3) to compute the fair value of its reporting units. The key assumptions used in the income approach, which requires significant management judgment, include business assumptions, growth rate, terminal value, and discount rate. The Group concluded that the carrying amount of its real estate online services reporting unit was higher than its fair value and consequently recorded a one-time goodwill impairment charge of \$417,822,304 during the third quarter of 2011. The Group recorded a goodwill impairment charge of nil and \$417,822,304 for the years ended December 31, 2010 and 2011, respectively.

8. Repurchase of Shares

In March 2011, the Company's board of directors approved a share repurchase program. Under the program, the Company is authorized, but not obligated, to repurchase within one year its own American Depositary Shares ("ADSs") with an aggregate value of up to \$50 million. As of December 31, 2011, the Company had repurchased a total of 4,206,600 ADSs for \$29,862,792. The excess of \$29,861,951 of purchase price over par value was allocated between additional paid-in capital and retained earnings of \$24,635,488 and \$5,226,463, respectively. The portion of the excess allocated to additional paid-in capital was limited to the pro rata portion of capital surplus from stock issuance.

9. Other Income, net

	Years Ended December 31,	
	2010	2011
	\$	\$
Government subsidies	2,143,869	2,902,130
Reimbursement income from depository agent	215,441	249,675
Gain from sales of properties held for sale	1,063,322	383,090
Gain from bargain purchase	392,524	—
Amortization of discounts related to liability for exclusive rights	—	(891,441)
Loss from the disposal of subsidiaries	—	(1,054,348)
Foreign exchange loss	(641,043)	(907,576)
Total other income, net	<u>3,174,113</u>	<u>681,530</u>

10. Income Tax

The provision for income taxes is comprised of the following:

	Years Ended December 31,	
	2010	2011
	\$	\$
Current Tax		
PRC	5,879,728	13,566,079
Other	2,316,883	—
	<u>8,196,611</u>	<u>13,566,079</u>
Deferred Tax		
PRC	(5,405,114)	(9,429,070)
Income tax expense	<u>2,791,497</u>	<u>4,137,009</u>

Cayman Islands and British Virgin Islands

Under the current laws of the Cayman Islands and the British Virgin Islands, the Company and CRIC BVI are not subject to tax on their respective income or capital gains. In addition, the Cayman Islands and the British Virgin Islands do not impose withholding tax on dividend payments.

Hong Kong

The Company's subsidiaries in Hong Kong is subject to a profit tax at the rate of 16.5% and 16.5% on assessable profit determined under relevant Hong Kong tax regulations for 2010 and 2011, respectively.

PRC

On January 1, 2008, a new Enterprise Income Tax Law in China took effect. The new law applies a uniform 25% enterprise income tax rate to both foreign invested enterprises and domestic enterprises.

Shanghai CRIC was approved as a high and new technology enterprise and is therefore subject to a 15% preferential income tax rate for the years from 2008 through 2010. In May 2010, Shanghai CRIC was granted software enterprise status, which exempted it from income taxes for 2009 and provided a 50% reduction in its income tax rate, or a rate of 12.5%, from 2010 through 2012. Shanghai CRIC received a \$4,286,591 tax refund in the second quarter of 2010 related to its 2009 tax payment, which was recognized as a component of income tax benefit during 2010.

In February 2009, Shanghai SINA Leju Information Technology Co., Ltd. ("SHLJ"), COHT's subsidiary in China, was granted software enterprise status, which qualifies the subsidiary to be exempted from income taxes for 2009, followed by a 50% reduction in its income tax rate, or a rate of 12.5%, from 2010 through 2012.

Note: The aggregate amount and per share effect of the tax holiday are as follows:

	Years Ended December 31,	
	2010	2011
	\$	\$
The aggregate dollar effect	8,006,036	3,146,918
Per share effect—basic	0.06	0.02
Per share effect—diluted	0.05	0.02

The Group has made its assessment of the level of tax authority for each tax position (including the potential application of interest and penalties) based on the technical merits, and has measured the unrecognized tax benefits associated with the tax positions. The Group had no material uncertain tax positions as of December 31, 2010 and 2011 or material unrecognized tax benefit which would favorably affect the effective income tax rate in future periods. The Group classifies interest and penalties related to income tax matters in income tax expense. As of December 31, 2011, the amount of interest and penalties related to uncertain tax positions was immaterial.

The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefits within the next 12 months.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of tax liability exceeding RMB100,000 (approximately \$15,871 under the current exchange rate) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion. The Group's major operating entity, CRIC Shanghai, is therefore subject to examination by the PRC tax authorities from inception from 2010 through 2011 on both transfer pricing and non-transfer pricing matters.

The principal components of the deferred income tax asset and liabilities are as follows:

	As of December 31,	
	2010	2011
	\$	\$
Deferred tax assets:		
Accrued salary expenses	2,022,840	4,585,176
Bad debt provision	1,204,525	1,678,861
Net operating loss carryforwards	2,310,837	2,612,495
Advertising expenses temporarily non-deductible	475,642	3,432,766
Others	153,667	124,138
Gross deferred tax assets	6,167,511	12,433,436
Valuation allowance	—	(163,927)
Net deferred tax assets	<u>6,167,511</u>	<u>12,269,509</u>
Analysis as:		
Current	4,738,649	10,750,071
Non-current	1,428,862	1,519,438
Deferred tax liabilities:		
Amortization of intangible and other assets	<u>39,969,421</u>	<u>39,806,571</u>
Total deferred tax liabilities	<u>39,969,421</u>	<u>39,806,571</u>
Analysis as:		
Current	—	—
Non-current	39,969,421	39,806,571

Movement of the valuation allowance is as follows:

	Year ended December 31 2011
	\$
Balance as of January 1,	—
Additions	159,945
Changes due to foreign exchange	<u>3,982</u>
Balance as of December 31,	<u>163,927</u>

Reconciliation between the provision for income tax computed by applying the statutory tax rate to income before income taxes and the actual provision for income taxes is as follows:

	Years Ended December 31,	
	2010	2011
PRC income tax rate	25.00%	25.00%
Expenses not deductible for tax purposes	13.52%	(26.50)%
Effect of tax preference	(12.84)%	0.77%
Effect of different tax rate of subsidiary operations in other jurisdiction	(1.48)%	(0.23)%
Tax refund	(14.80)%	—%
Other	0.24%	(0.04)%
	9.64%	(1.00)%

As of December 31, 2011, the Group had net operating loss carryforwards of \$10,449,980, which will expire if not used between 2013 and 2016.

Undistributed earnings of the Company's PRC subsidiaries of approximately \$119.6 million at December 31, 2011 are considered to be indefinitely reinvested and, accordingly, no provision for PRC dividend withholding tax has been provided thereon. Upon distribution of those earnings generated after January 1, 2008, in the form of dividends or otherwise, the Group would be subject to the then applicable PRC tax laws and regulations. For distribution of those earnings generated before January 1, 2008, the distributions are exempt from PRC withholding tax.

11. Share-Based Compensation

E-House Holdings' Share Incentive Plan ("the E-House Plan")

During the year ended December 31, 2006, E-House Holdings adopted the E-House Plan, which allows E-House Holdings to offer a variety of share-based incentive awards to employees, officers, directors and individual consultants who render services to E-House. Under the plan, E-House Holdings authorized 3,636,364 ordinary shares or 5% of the then total shares outstanding of E-House Holdings, to grant as options or restricted shares over a three-year period. In October 2010, E-House Holdings authorized 4,013,619 ordinary shares to be added to the award pool on the third anniversary of July 16, 2007, i.e., July 16, 2010, so that the total number of shares reserved for future issuance under the E-House Plan equal 5% of the total number of outstanding shares of E-house Holdings as of July 16, 2010. Options have a ten-year life. Share options granted under the E-House Plan can be settled by the employee either by cash or net settled by shares. E-House allocated \$641,956 and \$347,864 of share-based compensation expense under the E-House Plan to CRIC for the two years presented (Note 1).

The Company's Share Incentive Plan ("the CRIC Plan")

On September 9, 2008, the Company adopted the CRIC Plan to provide additional incentives to employees, directors and consultants who render services to CRIC. Under the CRIC Plan, the maximum number of shares that may be issued shall be 15% of the total outstanding shares of the Company on an as-converted basis assuming all options outstanding were converted into shares as of the effective date of the CRIC Plan, plus an additional number of shares to be added on each of the third, sixth and ninth anniversary of the effective date of the CRIC Plan.

Share Options:

During 2011, the Company granted 2,782,000 and 5,579,000 options to purchase its ordinary shares to certain of the Group's employees and E-House's employees, respectively, at an exercise price from \$3.75 to \$7.02 per share pursuant to the CRIC plan. The options expire ten years from the date of grant and vest ratably at each grant date anniversary over a period of two to three years.

The Company used the binomial model to estimate the fair value of the options granted under the CRIC Plan, using the following assumptions:

	2011
Average risk-free rate of return	3.22%
Contractual life of option	10 years
Average estimated volatility rate	70.35%
Average dividend yield	0.00%

The weighted-average grant-date fair value of the options granted in 2011 was \$3.16 per share. For the year ended December 31, 2010 and 2011, the Group recorded compensation expense of \$6,055,002 and \$ 10,068,814 for the share options granted to the Group's employees and recorded dividends to E-House of \$2,529,353 and \$1,671,242 for the share options granted to E-House's employees, respectively.

Replacement of the Company's Option for COHT's Option ("Options Replacement Program")

Effective upon the Company's IPO and in connection with its acquisition of COHT (Replacement Date), the Company exchanged 3,609,000 of its options ("Replacement Options") under the CRIC Plan for the same number of the options ("Replaced Options") that had been previously granted to certain employees of SINA and COHT under COHT's 2008 Share Incentive Plan ("the 2008 COHT Plan"), with other terms unchanged. The Company capitalized \$14,960,796 as part of the cost of acquiring COHT in regard to the Options Replacement Program, which the Company computed as the fair value of the Replaced Options on the Replacement Date multiplied by the ratio of pre-acquisition services to the requisite service period of the Replaced Options, which is the same requisite service period of the Replacement Options. The difference between the fair value of the Replacement Options on the Replacement Date and the amount capitalized as part of the cost of acquiring COHT of \$27,720,433 will be recognized over the remaining requisite service period of approximately 3.3 years subsequent to the IPO.

The Replacement Date fair value of the Replaced Options and Replacement Options was \$10.64 and \$11.44 per share, respectively. For the years ended December 31, 2010 and 2011, the Company recorded compensation expense of \$8,679,164 and \$6,348,283 associated with the Replacement Options, respectively.

A summary of option activity under the CRIC Plan during the year ended December 31, 2011 is presented below.

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value of Options
	\$	\$		
Outstanding, as of January 1, 2011	10,436,029	3.24		
Granted	8,361,000	4.84		
Exercised	(702,201)	0.99		
Forfeited	(791,763)	3.56		
Outstanding, as of December 31, 2011	<u>17,303,065</u>	4.09	7.80	—
Vested and expected to vest as of December 31, 2011	16,844,275	4.08	7.77	—
Exercisable as of December 31, 2011	6,189,716	3.41	6.34	3,951,697

The total intrinsic value of options exercised was \$5,167,543 and \$2,954,839 during the year ended December 31, 2010 and 2011, respectively.

As of December 31, 2011, there was \$36,235,513 of total unrecognized compensation expense related to unvested share options granted under the CRIC Plan. That cost is expected to be recognized over a weighted-average period of 1.92 years.

Restricted Shares:

A summary of restricted shares activity under the CRIC Plan as of December 31, 2011 and changes for the year then ended is presented below:

	<u>No. of Restricted Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
		\$
Unvested as of January 1, 2011	225,000	2.59
Vested	<u>(75,000)</u>	2.59
Unvested as of December 31, 2011	<u>150,000</u>	2.59

The Company recorded a dividend to E-House of \$180,322 and \$180,322 for restricted shares granted to the E-House employee for the years ended December 31, 2010 and 2011, respectively.

The total fair value of restricted shares vested was \$194,196 and \$194,196 during the years ended December 31, 2010 and 2011, respectively.

As of December 31, 2011, there was \$212,583 of total unrecognized compensation expense related to restricted shares granted under the CRIC Plan. That cost is expected to be recognized over a weighted-average period of 1.24 years.

Other equity compensation

In August 2011, the Group signed employee equity compensation arrangements with three senior managers of Beijing Advertisement. Under the agreement, the managers received a 3.5% equity interest of Beijing Advertisement. The award vests over a 16 month service period, starting September 2011. The fair value of Beijing Advertisement was calculated using the discounted cash flow method, under the income approach. The 3.5% equity interest in Beijing Advertisement was valued at \$731,676. The Group recorded \$182,918 as compensation expense for the year ended December 31, 2011 under the agreement. As of December 31, 2011, there was \$548,758 of total unrecognized compensation expense related to this compensation agreement. That cost is expected to be recognized over a period of 1.0 year.

12. Employee Benefit Plans

The Company's PRC subsidiaries are required by law to contribute a certain percentages of applicable salaries for retirement benefit, medical insurance benefits, housing funds, unemployment and other statutory benefits. The PRC government is directly responsible for the payments of such benefits. The Group contributed \$7,810,794 and \$14,756,072 for the years ended December 31, 2010 and 2011, respectively, for such benefits.

13. Distribution of Profits

Pursuant to laws applicable to entities incorporated in the PRC, the Company's subsidiaries must make appropriation from after-tax profit to non-distributable reserve funds. These reserve funds include one or more of the following: (i) a general reserve, (ii) an enterprise expansion fund and (iii) a staff bonus and welfare fund. Subject to certain cumulative limits, the general reserve fund requires annual appropriations of 10% of after-tax profit (as determined under accounting principles generally accepted in the PRC at each year-end) until such cumulative appropriation reaches 50% of the registered capital; the other fund appropriations are at the Group's discretion. These reserve funds can only be used for specific purposes of enterprise expansion and staff bonus and welfare and are not distributable as cash dividends. The amount of the reserve fund for the Group as of December 31, 2010 and 2011 was \$10,257,883 and \$13,939,064, respectively.

In addition, the share capital of the Company's PRC subsidiaries of \$60,273,186 and \$80,573,186 as of December 31, 2010 and 2011, respectively, was considered restricted due to restrictions on the distribution of share capital.

As a result of these PRC laws and regulations, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets, including general reserve and registered capital, either in the form of dividends, loans or advances. Such restricted portion amounted to \$94,512,250 as of December 31, 2011.

14. Segment Information

The Group uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Group's CODM has been identified as the chief executive officer, who reviews consolidated and segment results when making decisions about allocating resources and assessing performance of the Group.

The Group has four operating segments: 1) real estate information and consulting services, 2) real estate online services, 3) real estate advertising services and 4) promotional events services. The real estate online services segment started as a result of the acquisition of COHT in October 2009. The promotional events service segment started as a result of the acquisition of a promotional events provider in 2010. In 2010, the real estate advertising services segment and promotional events services segment did not meet the significance threshold for separate disclosure and have been combined in the other services segment. The Group's CODM reviews net revenue, cost of sales, operating expenses, income from operations and net income for each operating segment and does not review balance sheet information. Corporate expenses such as selling, general and administrative expenses and interest income are not allocated among segments and are recorded as non-allocated items.

The following table summarizes the selected revenue and expense information for each operating segment for the years ended December 31, 2011, and 2010:

2011	Real Estate Information and Consulting Services \$	Real Estate Online Services \$	Other Services \$	Non-Allocated \$	Total \$
Revenues from external customers	78,277,202	137,045,315	26,283,909	—	241,606,426
Cost of revenues	(6,708,358)	(37,583,296)	(21,274,135)	—	(65,565,789)
Selling, general and administrative expenses	(48,223,301)	(102,034,876)	(7,100,156)	(15,558,638)	(172,916,971)
Goodwill impairment charge	—	(417,822,304)	—	—	(417,822,304)
Income (loss) from operations	23,345,543	(420,395,161)	(2,090,382)	(15,558,638)	(414,698,638)
Interest income	881,539	675,759	86,608	276,146	1,920,052
Other income (loss), net	1,790,394	(1,011,864)	(515,248)	418,248	681,530
Income (loss) before taxes and equity in affiliates	26,017,476	(420,731,266)	(2,519,022)	(14,864,244)	(412,097,056)
Income tax benefit (expense)	(3,696,794)	305,651	(745,866)	—	(4,137,009)
Income (loss) before equity in affiliates	22,320,682	(420,425,615)	(3,264,888)	(14,864,244)	(416,234,065)
Loss from equity in affiliates	(94,385)	(9,609)	(77,413)	—	(181,407)
Net income (loss)	<u>22,226,297</u>	<u>(420,435,224)</u>	<u>(3,342,301)</u>	<u>(14,864,244)</u>	<u>(416,415,472)</u>
2010	Real Estate Information and Consulting Services \$	Real Estate Online Services \$	Other Services \$	Non-Allocated \$	Total \$
Revenues from external customers	87,567,438	66,855,128	19,731,898	—	174,154,464
Cost of revenues	(3,016,516)	(26,361,391)	(11,631,654)	—	(41,009,561)
Selling, general and administrative expenses	(35,270,399)	(54,741,152)	(8,218,179)	(10,859,253)	(109,088,983)
Income (loss) from operations	49,280,523	(14,247,415)	(117,935)	(10,859,253)	24,055,920
Interest income	1,156,337	286,154	109,521	174,568	1,726,580
Other income (loss), net	2,360,398	(22,831)	733,717	102,829	3,174,113
Income (loss) before taxes and equity in affiliates	52,797,258	(13,984,092)	725,303	(10,581,856)	28,956,613
Income tax benefit (expense)	(2,911,786)	455,815	(335,526)	—	(2,791,497)
Income (loss) before equity in affiliates	49,885,472	(13,528,277)	389,777	(10,581,856)	26,165,116
Loss from equity in affiliates	(271,300)	(5,085)	—	—	(276,385)
Net income (loss)	<u>49,614,172</u>	<u>(13,533,362)</u>	<u>389,777</u>	<u>(10,581,856)</u>	<u>25,888,731</u>

Geographic

Substantially all of the Group's revenues from external customers and long-lived assets are located in the PRC.

Major customers

Details of the revenues for customers accounting for 10% or more of total revenues are as follows:

	Years Ended December 31,	
	2010	2011
	\$	\$
Customer A	23,715,171	*

* indicates the revenue from these customers was less than 10% in the stated periods.

Details of the accounts receivable from customers accounting for 10% or more of total accounts receivable are as follows:

	As of December 31,	
	2010	2011
	\$	\$
Customer A	*	14,789,388
Customer C	12,701,252	*
Customer D	7,337,703	*

* indicates the accounts receivable from the customer was less than 10% as of the stated year end.

15. Related Party Balances and Transactions

The table below sets forth major related parties and their relationships with the Group:

Company Name	Relationship with the Group
E-House	Under common control of E-House Holdings
The Fund	Partially owned by Mr. Xin Zhou, co-chairman of CRIC and executive chairman of E-House
SINA	Mr. Charles Chao, co-chairman of CRIC and director and chief executive officer of SINA (related party since October 16, 2009)
Beijing China Real Estate Research Association Technology Ltd, ("CRERAT")	Entity is a joint venture formed by the Group with "CRERA" and "CREA", the Group owns 51% equity interest of the entity.
Shangyou	Xin Zhou is legal representative of the entity

These consolidated financial statements include transactions with E-House and its subsidiaries. Furthermore, E-House provided certain corporate services for the consolidated financial statement periods presented. During the years ended December 31, 2010 and 2011, the Group waived net receivables from E-House and its consolidated subsidiaries of \$60,044 and nil, respectively, and recorded such amounts as distributions to E-House in equity.

During the year ended December 31, 2011, the Group acquired Firmway from the Fund for \$12,000,000 (Note 4).

During the years ended December 31, 2010 and 2011, significant related party transactions for services provided and purchased were as follows:

	<u>Years Ended December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
Corporate service provided by E-House under onshore/offshore transitional service agreement (Note 1)	1,522,497	1,085,600
Online advertising agency fee paid to SINA	2,545,106	3,462,672
Other consulting services purchase	—	782,947
Revenues:		
Information and consulting services provided to E-House	16,157,318	16,527,090
Online advertising services provided to E-House	50,457	592,931
Advertising and promotional events services provided to E-House	1,828,127	1,545,588
Other services provided to SINA	1,824,458	171,211
Other services provided to CRERAT	—	268,381
Related party revenues — subtotal*	<u>19,860,360</u>	<u>19,105,201</u>

* Related party revenues include sales related taxes of \$1,014,909 and \$1,128,129 for the years ended December 31, 2010 and 2011, respectively.

The transactions are measured at the amount of consideration established and agreed to by the related parties, which approximate amounts charged to third parties.

In connection with the Company's acquisition of SINA's interest in COHT, COHT and SINA have entered into a new advertising agency agreement, which took effect upon the closing of the transaction. Under the new advertising agency agreement, COHT will continue to operate SINA's existing real estate and home furnishing channels and will develop a new real estate-related channel on sina.com.cn, and will have the exclusive right to sell advertising relating to real estate, home furnishing and construction materials on these three channels as well as SINA's other websites. If COHT sells advertising on SINA's websites other than the real estate and home furnishing channels, it pays SINA a fee for the revenues generated from these sales.

As of December 31, 2010 and 2011, amounts due from related parties were comprised of the following:

	<u>As of December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
E-House	5,079,850	17,229,734
Shangyou	—	1,237,915
Total	<u>5,079,850</u>	<u>18,467,649</u>

Amounts due from E-House were \$5,079,850 and \$17,229,734 as of December 31, 2010 and 2011, respectively, which represent amounts due from E-House for real estate information and consulting services, online services and other services provided. The amount due from Shangyou was \$1,237,915 as of December 31, 2011, which represents a deposit payment made on behalf of Shangyou.

As of December 31, 2010 and 2011, amounts due to related parties were comprised of the following:

	<u>As of December 31,</u>	
	<u>2010</u>	<u>2011</u>
	\$	\$
E-House	25,294	9,820,607
SINA	1,971,920	1,735,922
E-House management	787,500	525,000
CRERAT	—	654,465
Total	<u>2,784,714</u>	<u>12,735,994</u>

The amount due to E-House as of December 31, 2010 reflects the expenses paid on behalf of CRIC by E-House. The balance is interest free and payable on demand. The amount due to E-House as of December 31, 2011 primarily represents an interest free loan made to fund the capital of a PRC enterprise wholly owned by Evercrest Holdings Limited. ("Evercrest"). The Company owns 51% of Evercrest and E-house owns the remaining 49%. The loan is interest free and payable on demand. The amount due to SINA as of December 31, 2010 and 2011 represents online advertising agency fees payable to SINA. The amount due to E-House management represents consideration paid by management for unvested restricted shares. The amount to CRERAT represents other consulting services fee payable to CRERAT.

The rollforward of the intercompany receivable balance with E-House for the years ended December 31, 2010 and 2011 is as follows:

	Years Ended December 31,	
	2010	2011
	\$	\$
Balance at January 1	1,435,415	5,079,850
Loans received from E-House	—	—
Corporate expenses allocated from E-House	—	—
Group revenues, net of expenses, collected by E-House	—	—
Related party balance waivers	60,044	—
Services provided to E-House	18,035,902	18,665,609
Consulting services fee collected by E-House on behalf of CRIC	—	—
Transitional services fee charged from E-House	(1,522,497)	(1,085,600)
Payments received for services	(12,929,014)	(5,430,125)
Balance at December 31	<u>5,079,850</u>	<u>17,229,734</u>

16. Commitments and contingencies

a) Operating lease commitments

The Group has operating lease agreements principally for its office properties in the PRC. Such leases have remaining terms ranging from six to 240 months and are renewable upon negotiation. Rental expense was \$6,098,060 and \$9,084,989 for the years ended December 31, 2010 and 2011, respectively.

Future minimum lease payments under non-cancelable operating lease agreements at December 31, 2011 were as follows:

Year Ending December 31	\$
2012	7,958,043
2013	7,491,952
2014	4,820,710
2015	545,021
2016	—
Thereafter	6,927,827
Total	<u>27,743,553</u>

b) Contingencies

The Group is subject to claims and legal proceedings that arise in the ordinary course of its business. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be decided unfavorably to the Group. The Group does not believe that any of these matters will have a material adverse effect on its business, assets or operations.

17. Subsequent Events

On October 28, 2011, E-House announced its submission a non-binding proposal to the board of directors of the Company to acquire all the outstanding shares of the Company that it did not already owned. On December 28, 2011, E-House and the Company signed definitive merger agreement. On April 19, 2012, shareholders of the Company approved the merger and the merger was completed on April 20, 2012. As a result, the Company is a wholly-owned subsidiary of E-House and the Company's ADSs ceased to be listed on the NASDAQ Global Select Market. Consideration paid by E-House included cash of \$113,124,632 and 38,785,588 E-House shares valued at \$252,106,322 based on the closing price of E-House's shares on April 20, 2012. E-House is still in the process of evaluating the option replacement arrangement, which may result in additional acquisition consideration.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-36246, No. 333-47720, No. 333-107359, No. 333-129460, No. 333-144890 and No. 333-169201) and Form F-3 (No. 333-163990) of SINA Corporation of our report dated April 24, 2012, relating to the consolidated financial statements of China Real Estate Information Corporation appearing in this Annual Report on Form 20-F of SINA Corporation for the year ended December 31, 2012.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai China

April 22, 2013

sina-20121231.xml

sina-20121231.xsd

sina-20121231_cal.xml

sina-20121231_def.xml

sina-20121231_lab.xml

sina-20121231_pre.xml