

Sina Weibo, 'China's Twitter,' files for IPO in US (Update)

March 14 2014, by Sophie Estienne



A woman views the Chinese social media website Weibo at a cafe in Beijing on April 2, 2012

Weibo Corp., the Chinese microblogging service often compared with Twitter, filed Friday for a US stock offering seeking to raise \$500 million.

The move will allow the popular Chinese-language social network to spin

off from the Internet giant Sina, according to documents filed with the US Securities and Exchange Commission.

The filing said Weibo had 129.1 million monthly active users in December and 61.4 million average daily active users.

The company did not indicate whether Weibo would file its IPO on the Nasdaq or New York Stock Exchange.

The lead underwriters will be Goldman Sachs Asia and Credit Suisse.

'A cultural phenomenon'

"A microcosm of Chinese society, Weibo has attracted a wide range of users, including ordinary people, celebrities and other public figures, as well as organizations such as media outlets, businesses, government agencies and charities," the SEC filing said.

"Weibo has become a cultural phenomenon in China.

"Weibo allows people to be heard publicly and exposed to the rich ideas, cultures and experiences of the broader world," it added.

"Media outlets use Weibo as a source of news and a distribution channel for their headline news. Government agencies and officials use Weibo as an official communication channel for disseminating timely information and gauging public opinion to improve public services."

The filing said Weibo's initial public offering (IPO) will be part of a "carve-out from Sina," but that Sina would "continue to provide us with certain support services" after it becomes independent.

"We will use approximately \$250 million of the net proceeds we receive

from this offering to repay loans we owe to SINA," the document read.

"We intend to use the remainder to invest in technology, infrastructure and product development, to expand sales and marketing efforts, and for working capital and other general corporate purposes."

'China's Twitter'

Weibo was launched in August 2009 with a business model reminiscent of that of Twitter.

Weibo reported revenues for 2013 of \$188 million, triple the level of 2012, but has continually lost money, like its US counterpart, with accumulated losses of \$274.9 million as of December 31.

Despite Weibo's vast popularity in China, its ascent has hit a few speed bumps recently due to a social media crackdown by Beijing and the rise of rival Tencent's mobile app, WeChat.

A January report by the China Internet Network Information Center showed that the total number of Weibo users dropped nine percent year-on-year, to 281 million at the end of 2013 from 308.6 million a year earlier.

Weibo said it would work to increase the number of users and monetization as it strives for profitability.

For a comparison, Twitter's high-flying Wall Street debut in November drew attention to the growing power of social media, but it also raised concerns about a potential bubble in the sector.

The US microblogging service's shares soared after debuting at \$26 in the initial public offering, but dropped the following day to slightly more

than \$40.

At the close of trading on the New York Stock Exchange, Twitter shares stood at \$51.92.

Enter Alibaba

Separately, US media reported that a huge stock offering planned by Chinese e-commerce giant Alibaba is being prepared for New York.

The Wall Street Journal and The New York Times, citing unnamed sources, said Alibaba chose New York after ruling out Hong Kong and London for the initial public offering.

The reports did not indicate whether the IPO would be on the Nasdaq or New York Stock Exchange.

Alibaba was not immediately available for comment.

The company's stock market listing was expected to raise about \$10 billion, which would make it the technology industry's largest IPO since Facebook's in 2012.

The Journal said that an IPO filing could come as soon as April, which could allow trading to begin by the third quarter.

The report said up to five banks may be given lead underwriting roles.

Alibaba operates China's most popular e-shopping platform, Taobao, which has more than 90 percent of the online market for consumer-to-consumer transactions.

Taobao has more than 800 million product listings and over 500 million

users.

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Citation: Sina Weibo, 'China's Twitter,' files for IPO in US (Update) (2014, March 14) retrieved 19 April 2024 from <https://phys.org/news/2014-03-weibo-china-twitter-ipo.html>

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