Weibo IPO below expectations, raises $285.6 mn

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Sina Weibo sold fewer shares than expected in its US IPO which was priced below expectations ahead of a Thursday listing that takes place after tech selloffs on Wall Street.

The firm, often described as China's version of Twitter, sold 16.8 million US depositary shares, according to Dow Jones Newswires, while a person familiar with the deal told AFP each share was priced at $17.

That means it raised $285.6 million before the sale of any additional shares to underwriters.

The figures are well below the 20 million shares and $340 million it had been aiming for—reflecting a cautious mood after the tech-weighted Nasdaq index tumbled for more than three weeks.

The pricing is at the low end of the $17-$19 range at which the Beijing-based firm had been expected to offer its shares.

In March, Weibo had estimated the value of its initial public offering at as much as $500 million.

The offering comes as Chinese e-commerce giant Alibaba—a shareholder in Weibo—is preparing its own eagerly anticipated IPO later in the year, which is expected to be the biggest in the tech sector since Facebook's in 2012.

Sina Weibo—launched in August 2009 to provide services akin to Twitter which is banned in China—is a leading social media site in a country with the world's largest population of Internet users at 618 million.

But it is facing questions about the size of its user base as well as rising competition from local rivals including Tencent's WeChat, an instant messaging platform that allows users to send text, photos, videos and voice messages over mobile devices.

'Quite uncertain' path

Zhuo Saijun, a Beijing-based analyst with consultancy Analysys International, said the disappointing price was not a surprise given the challenges Weibo faces.

As its value in delivering news and information decreases, people will rely on it less for information, he said, making "quite uncertain" its road to commercialisation.

"On that basis, it's not telling a very good story, so it's quite normal to see a cut in its valuation and everyone being downbeat about it," he said.

Weibo's challenges in transitioning from PC terminals to mobile ones pose another problem.

"Its user engagement and multiple competitors on mobile devices are one big important reason for its awkward situation," Zhuo said.

Weibo's ascent has also hit speed bumps due to a social media crackdown by Beijing, which tightly controls online activity.

Ongoing troubles in the Nasdaq—fuelled by concerns that some tech

stocks such as Facebook and Netflix are overpriced—has hit a number of recent IPOs.

All five companies that went public in New York on Monday and Tuesday offloaded their shares for less than they had forecast.

And on Wednesday, an IPO by Sabre Corp, a tech company specialising in travel booking, saw it sell 39.2 million shares at $16 a share, raising $627.2 million.

That came under expectations for a sale of 44.7 million shares for up to $20 that could have made almost $900 million.

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