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## SUMMARY

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This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full document. You should read the whole document before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set forth in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

### OVERVIEW

#### Who We Are

Weibo is a leading social media platform in China for people to create, discover and distribute content. By providing a simple and inspirational way for people and organizations in China and the global Chinese communities to publicly express themselves in real time, interact with others on a platform with vast scale and stay connected with the world, Weibo has had a profound social impact in China. Launched in 2009, Weibo has been committed to enabling faster, easier, and richer connection among people and has become an integral part of many of Weibo users’ daily lives.

Leveraging the early-mover advantage and the accumulated know-hows and insights in the social media industry, Weibo has amassed a large user base in China and in Chinese communities in more than 190 countries around the world. In June 2021, Weibo had 566 million MAUs and 246 million average DAUs. Weibo is one of the top 10 mobile apps and one of the top 3 social media platforms in China in terms of MAUs and DAUs in June 2021, according to the CIC Report.

Weibo has transformed the way people express themselves and interact with others in the public internet space. Any user can create and post a feed and attach multimedia or long-form content. User relationships on Weibo may be asymmetric, and any user can follow any other user and add comments to a feed while reposting. As of June 30, 2021, Weibo had 318 billion “follow” relationships existing on its platform. This simple, asymmetric, and distributed nature of Weibo allows an original feed to become a live viral conversation stream.

Weibo serves a wide range of users including ordinary people, celebrities, key opinion leaders (“KOLs”), and other public figures or influencers, as well as media outlets, businesses, government agencies, charities, and other organizations, making it a microcosm of Chinese society. As of June 30, 2021, there were 4.4 million verified accounts, such as celebrities, KOLs, enterprise partners, and media outlets on Weibo. As a leading social media, Weibo allows people in China and the global Chinese communities to be heard publicly and exposed to the rich ideas, cultures, and experiences in a broader world. In June 2021, Weibo had 41.9 million monthly active content creators, generating original posts for public self-expression. In June 2021, top content creators on Weibo platform reached 2.3 million, representing a CAGR of 24% from June 2019. Top content creators in June 2021 refers to content creators with more than 10,000 followers as of June 30, 2021, or over 10,000 monthly views in June 2021, excluding duplicates.

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Weibo offers comprehensive content formats as a social media platform. Weibo users can create, discover, consume and share various formats of content, including text, photo, video, live streaming, audio and topic, etc. on Weibo platform. By aggregating various media formats, Weibo platform allows content creators to have more diverse choices to create content in their most desirable ways, so that more enriched content could be generated and distributed across the platform. Weibo is also well positioned to capture the market trends in media formats transformation. To capitalize on the mega trend of video, Weibo has launched a series of innovative initiatives to improve its video product offerings and to empower and attract more video content creators to its platform. As a result, the average number of daily video viewers grew at a CAGR of 20% from June 2019 to June 2021.

To support the diverse content offerings, Weibo also has comprehensive coverage of content categories and content creators. In June 2021, Weibo had 46 content verticals, such as celebrities and entertainment, humor, media, variety shows and TV programs, fashion, cosmetics, finance and games. Among these content verticals, 28 of them each has over 10 billion monthly views in June 2021. The diversified content offerings on Weibo platform cater to the evolving and broad interests of Weibo users and cultivate a more vibrant ecosystem on Weibo platform.

### **Our Revenue Model**

We began monetization on our platform in 2012, and have since experienced solid revenue growth and margin expansion. Our revenues increased from US\$1,718.5 million in 2018 to US\$1,766.9 million in 2019 but slightly decreased to US\$1,689.9 million in 2020 mainly due to the negative impact and uncertainties brought forth by the COVID-19 pandemic. Our revenue’s year-on-year growth rate recovered to 10% in the fourth quarter of 2020 and further increased to 42% in the first quarter and 48% in the second quarter of 2021, as the COVID-19 pandemic was gradually contained in China and the advertising demand recovered accordingly.

We generate revenues primarily from customers who purchase advertising and marketing services, and, to a lesser extent, from fee-based revenues, such as VIP membership. Revenues generated from advertising and marketing services accounted for 88% of our total revenues in 2020 and 86% of our total revenues in the six months ended June 30, 2021. We had income from operations of US\$609.3 million in 2018, US\$597.6 million in 2019 and US\$506.8 million in 2020. Our income from operations increased from US\$164.2 million in the six months ended June 30, 2020 to US\$301.8 million for the same period in 2021. Our operating margin, being the ratio of income from operations to total revenues, reached 30.0% in 2020 and 29.2% in the first six months ended June 30, 2021.

### **Our Mission**

Our mission is to empower people to discover the broader world and be heard publicly.

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### **Our Value Propositions**

Our platform has unique value propositions for our users, content creators and advertising and marketing customers. Our collective relationship with them is crucial to the continued strength and value of our overall platform.

#### *To users*

- *Express and share*
  - We provide an unprecedented experience for people in China and the global Chinese communities to be able to publicly express themselves and share their life moments, opinions and content in real time on a platform with a vast scale.
- *Discover rich content and diversified opinions*
  - Weibo is where people come to discover and learn more about what is going on with the people, organizations and topics that interest them, as well as their diversified opinions.
- *Stay current and connected*
  - Users come to Weibo to stay current on the latest trends and events and connect with other users who share similar interests.
- *Make a social impact*
  - Weibo helps people come together to realize common goals, and to accomplish things that they could not accomplish on their own.

#### *To content creators*

- *Build up fan base and social assets*
  - We help the content creators on our platform to engage and interact with their followers and build up their social assets to create social value and monetization opportunities. The top content creators, such as celebrities and KOLs, regularly interact with their followers, and among each other for topics of the same interest on Weibo. This type of interaction is unique to our platform.
- *Monetization*
  - We are committed to creating and enhancing monetization opportunities for content creators through diversified channels such as advertisement, e-commerce and live streaming.

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### *To advertising and marketing customers*

- *Broad and targeted reach*
  - We are an early mover of social advertising in China. We provide our customers with social marketing solutions based on our social interest graph recommendation engine that help them reach and engage their target audience.
- *Full spectrum of tailored solutions*
  - We provide a full spectrum of innovative and tailored advertising and marketing solutions ranging from brand awareness to interest generation, sales conversion and loyalty marketing to cater to the diverse marketing demands of our customers.
- *Viral effect*
  - Weibo feeds and trends, whether promoted or organic, have the potential to go viral due to the public and distributed nature of our platform. This provides our customers with additional upside value to increase the social elements of their advertising.

### COMPETITIVE LANDSCAPE

In China, there are several types of social platforms dedicated to serving users’ needs to virtually connect with each other. Compared with social network platforms, where social relationship is primarily symmetric and reciprocal, social media platforms facilitate the build-out of asymmetric social relationship and address users’ differentiated social needs in the public arena. Furthermore, among the leading social media platforms in China, some focus on specific content formats such as video and live streaming, while others provide comprehensive content formats to cater to the diverse user needs. Platforms with more diverse content formats and more vibrant content creation ecosystems are better equipped to address the evolving user needs with diverse backgrounds and interests.

Weibo is one of the top 5 social platforms and the top 3 social media platforms in China in terms of MAUs and DAUs in June 2021, according to the CIC report.

Weibo operates in a highly competitive industry which is rapidly changing due to the quickly evolving market demand and user preferences. Driven by the increasing popularity of social platforms, the penetration rate for the social platforms, measured by the ratio of overall social platform users to all mobile users, has already come to hover near the 100% mark in 2020. New user acquisition has been one of the key challenges that each of the social platforms faces. The industry is evolving rapidly while witnessing rising competition for traffic and user time. Industry players compete for audiences and content with other major Chinese internet companies that provide online media as well as offline media companies. The user growth rate of established social media platforms may slow over time as the size of the user base increases and as they achieve higher market penetration in China’s internet population. For a more detailed discussion on and a comparison of key metrics of social platforms and social media platforms in China, see also “Industry Overview — Competitive Landscape For Social Media Platforms” and “Industry Overview — Competitive Landscape For Social Platforms.”

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### OUR INNOVATION

We believe that our success is attributable to our unique social product positioning, a self-reinforcing ecosystem with large user base and diversified content offerings, as well as strong monetization capability and leading technology platform.

Launched in 2009, Weibo is one of the earliest social media platforms (providing microblogging service) in China, according to the CIC Report. Weibo leverages its early-mover advantage and has built high entry barrier in the social media industry in China. Currently, Weibo is the only active social media platform today arising from a microblogging platform in China, according to the CIC Report. Weibo has experienced rapid expansion as an early-mover since its inception, and developed into a leading social media platform in China for people to create, share and discover contents online.

As a leading social media platform in China, Weibo combines the means of public self-expression in real time with powerful platform for social interaction, content aggregation and distribution. Weibo provides a compelling and efficient way for people to discover what’s happening in the world and engage in public social conversations. Weibo serves as a microcosm of Chinese society, and for many people in China, Weibo allows them to be heard publicly and exposed to the rich ideas, cultures and experiences of the broader world. See “Business — Our Commitment to a Better Society.” Weibo’s success is also attributable to the high quality content in rich media format on its platform. For the leading position of Weibo in terms of content formats, coverage of content categories and content generators, and celebrity and KOL network among social media platforms, see “Industry Overview — Competitive Landscape for Social Media Platforms.”

Weibo’s product development approach is centered on building simple and useful tools to enable its users to access Weibo to discover, create, and distribute content and interact with others on its platform in real time. Weibo has launched many innovative product features since its inception, some of which are later widely adopted in China’s internet space, such as @Mention, Trends, Hot Search and Super Topic. See “Business — Products and Services — Products for Users.”

Weibo seeks to provide innovative advertising and marketing solutions to enable its customers to promote their brands and conduct effective marketing activities. Weibo’s advertising and marketing customers seek a full spectrum of online advertising and marketing services ranging from brand awareness to interest generation, sales conversion and loyalty marketing. Weibo has introduced many innovative advertising products, such as Super FST, Promoted Trends and Search. See “Business — Products and Services — Products for Advertising and Marketing Customers.”

Weibo is passionate about developing new and innovative products and services that will create a better user experience. Built on machine learning and cloud computing, Weibo has developed a leading social media platform to satisfy users’ customized content consumption needs, according to the CIC Report. Weibo invests heavily in research and development. Weibo recorded product development expenses of US\$249.9 million, US\$284.4 million, US\$324.1 million and US\$198.0 million in 2018, 2019, 2020 and for the six months ended June 30, 2021, respectively. The product development team of Weibo consisted of 2,374 members as of December 31, 2018, 2,364 members as of December 31, 2019, 2,709 members as of December 31, 2020, and 2,770 members as of June 30, 2021. They are responsible for developing, operating and maintaining our products. See “Business — Technology, Research and Development.”

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### KEY OPERATING METRICS

	<u>December 2018</u>	<u>December 2019</u>	<u>December 2020</u>	<u>June 2021</u>
MAUs (in millions) . . . . .	462	516	521	566
Average DAUs (in millions) . . . . .	200	222	225	246
<b>Ratio of average DAUs to MAUs . . . . .</b>	<b>43%</b>	<b>43%</b>	<b>43%</b>	<b>43%</b>

We have a large and active user base. Our MAUs increased from 462 million in December 2018, to 516 million in December 2019, to 521 million in December 2020 and further to 566 million in June 2021. Our average DAUs increased from 200 million in December 2018, to 222 million in December 2019, to 225 million in December 2020 and further to 246 million in June 2021. The ratio of average DAUs to MAUs remained stable at 43% during the Track Record Period.

Our user growth rate may fluctuate from time to time depending on various factors, including our business operation and user base growth, as well as the general market condition. See “Risk Factors – Risks Relating to Our Business – If we fail to grow our active user base, or if user engagement on our platform declines, our business, financial condition and operating results may be materially and adversely affected”.

	<u>For the Year Ended December 31,</u>			<u>For the Six Months Ended June 30,</u>	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>
<b>Average spending per advertiser (excluding Alibaba) (in US\$) . . . . .</b>	<b>470</b>	<b>593</b>	<b>825</b>	<b>454</b>	<b>1,379</b>
<b>Number of advertising customers (in millions) . . . . .</b>	<b>2.9</b>	<b>2.4</b>	<b>1.6</b>	<b>1.2</b>	<b>0.6</b>

The total number of advertisers was 2.4 million in 2019, compared to 2.9 million in 2018, mainly due to customer churn of SME customers, as result of mixed challenges from unfavorable macroeconomic conditions and intense market competitions. The average spending per advertiser (excluding Alibaba) increased by 26% from \$470 in 2018 to \$593 in 2019, primarily attributable to the increase in spending by our recurring customers, and also a reflection of the churn of SME customers with relatively lower advertising budget.

The total number of advertisers was 1.6 million in 2020, compared to 2.4 million in 2019, while the average spending per advertiser (excluding Alibaba) increased by 39% from \$593 in 2019 to \$825 in 2020, both of which were primarily due to the churn of individual customers with relatively lower advertising budget.

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The total number of advertisers was 0.6 million in the first six months ended June 30, 2021, compared to 1.2 million in the same period in 2020, while the average spending per advertiser (excluding Alibaba) increased significantly from US\$454 in the first six months ended June 30, 2020 to US\$1,379 in the same period in 2021, both of which were primarily due to the churn of individual customers with relatively lower advertising budget.

	As of December 31,			As of June 30,
	2018	2019	2020	2021
<b>Number of verified accounts (in millions) . . . . .</b>	3.7	4.0	4.3	4.4

The number of our verified accounts generally increased during the Track Record Period as we kept growing our network of celebrities, KOLs, enterprises partners and media outlets.

### OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our peers.

- Pioneer and Leader in Social Media Industry in China
- Robust Ecosystem with Powerful Network Effects
- Large, Diverse and Engaged User Base
- Ever-Growing Supply of Rich and Comprehensive Content Offerings
- Proven and Continuous Growth in Monetization
- Cutting-Edge Technological Capabilities and Scalable Infrastructure
- Visionary and Experienced Management Team with A Proven Track Record

### OUR STRATEGIES

We intend to achieve our mission and further solidify our unique position by pursuing the following strategies.

- Grow Our User Base and Increase User Engagement
- Further Expand and Improve Our Content Ecosystem
- Enhance Monetization Capabilities
- Selectively Pursue Strategic Alliances, Investments and Acquisitions

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### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

#### Selected Consolidated Statements of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented. This information should be read together with our audited consolidated financial statements included in the Accountant’s Report in Appendix IA to this document. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2018 <sup>(1)</sup>	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>
	<i>(Unaudited)</i>				
	(In US\$ thousands, except for per share and per ADS data)				
<b>Consolidated Statements of Operations Data:</b>					
Revenues:					
Advertising and marketing revenues:					
Third parties	1,172,136	1,202,437	1,202,712	497,855	728,818
Alibaba <sup>(2)</sup>	117,696	97,772	188,597	72,542	109,918
SINA	79,148	112,974	48,353	27,624	30,931
Other related parties	130,200	117,028	46,493	17,985	22,682
Subtotal	1,499,180	1,530,211	1,486,155	616,006	892,349
Value-added services revenues	219,338	236,703	203,776	94,776	141,013
Total revenues	1,718,518	1,766,914	1,689,931	710,782	1,033,362
Costs and expenses:					
Cost of revenues <sup>(3)</sup>	277,648	328,826	302,180	137,694	172,318
Sales and marketing <sup>(3)</sup>	527,424	465,339	455,619	211,220	298,368
Product development <sup>(3)</sup>	249,873	284,444	324,110	150,370	197,985
General and administrative <sup>(3)(4)</sup>	43,755	90,721	101,224	47,298	62,850
Goodwill and acquired intangibles impairment	10,554	—	—	—	—
Total costs and expenses	1,109,254	1,169,330	1,183,133	546,582	731,521
Income from operations	609,264	597,584	506,798	164,200	301,841
Income (loss) from equity method investments	57	(13,198)	10,434	3,388	13,605
Realized gain (loss) from investments	(287)	612	2,153	844	1,106
Fair value changes through earnings on investments, net <sup>(5)</sup>	40,074	207,438	35,115	117,517	(69,495)
Investment related impairment <sup>(6)</sup>	(24,074)	(249,935)	(211,985)	(3,920)	(66,625)
Interest income	57,970	85,386	85,829	45,609	40,068
Interest expense	(15,390)	(29,896)	(57,428)	(22,363)	(35,503)
Other income, net	1,228	4,406	4,997	1,356	6,808
Income before income tax expenses	668,842	602,397	375,913	306,631	191,805
Less: Provision of income taxes	96,222	109,564	61,316	56,627	61,855



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	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2018 <sup>(1)</sup>	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>
	<i>(Unaudited)</i>				
	(In US\$ thousands, except for per share and per ADS data)				
Net income . . . . .	572,620	492,833	314,597	250,004	129,950
Less: Net income (loss) attributable to non-controlling interests and redeemable non-controlling interests . . . . .	797	(1,842)	1,233	(520)	(898)
Net income attributable to Weibo’s shareholders . . . . .	<u>571,823</u>	<u>494,675</u>	<u>313,364</u>	<u>250,524</u>	<u>130,848</u>
Shares used in computing net income per share attributable to Weibo’s shareholders:					
Basic . . . . .	223,751	225,452	226,921	226,535	227,936
Diluted . . . . .	232,683	226,412	227,637	227,129	229,429
Income per ordinary share:					
Basic . . . . .	2.56	2.19	1.38	1.11	0.57
Diluted . . . . .	2.52	2.18	1.38	1.10	0.57
Income per ADS <sup>(7)</sup> :					
Basic . . . . .	2.56	2.19	1.38	1.11	0.57
Diluted . . . . .	2.52	2.18	1.38	1.10	0.57

- (1) On January 1, 2018, we adopted new revenue guidance ASC Topic 606, “Revenue from Contracts with Customers,” using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting method under Topic 605. Topic 606 requires the presentation of VAT recognized in revenues from “gross” to “net,” which results in equal decrease in revenues and cost of revenues, and recognition of revenues and expenses at fair value for advertising barter transactions.
- (2) We recorded US\$117.7 million, US\$97.8 million and US\$152.0 million in advertising and marketing revenues from Alibaba during 2018, 2019 and 2020, respectively. We also recorded US\$63.3 million and US\$73.3 million in advertising and marketing revenues from Alibaba for the six months ended June 30, 2020 and 2021, respectively. Moreover, one of Alibaba’s subsidiaries began the business of advertising agency and contributed another US\$36.6 million to our total revenues in 2020, and US\$9.2 million and US\$36.7 million to our total revenues for the six months ended June 30, 2020 and 2021, respectively.
- (3) Stock-based compensation was allocated in costs and expenses as follows:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	(in US\$ thousands)				
Cost of revenues . . . . .	3,522	5,251	5,384	2,502	3,240
Sales and marketing . . . . .	6,837	9,828	9,983	4,263	5,549
Product development . . . . .	21,187	28,628	33,093	14,452	18,213
General and administrative . . . . .	9,465	17,582	18,645	8,971	9,219
Total . . . . .	<u>41,011</u>	<u>61,289</u>	<u>67,105</u>	<u>30,188</u>	<u>36,221</u>

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- (4) We adopted ASU 2016-13, “Financial Instruments — Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments” in the fiscal year of 2020. The guidance requires the measurement and recognition of expected credit losses for financial assets held at amortized cost that an entity does not expect to collect over the asset’s contractual life, considering past events, current conditions, and reasonable and supportable forecasts of future economic conditions.
- (5) We adopted ASU 2016-01 “Classification and Measurement of Financial Instruments” beginning the first quarter of fiscal year 2018. After the adoption of the new accounting update, we measure investments in equity securities, other than equity method investments, at fair value through earnings. For those investments without readily determinable fair values, we elected to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Changes in the basis of these investments are reported in current earnings.
- (6) Investment related impairment includes impairment charges to equity investments, investment prepayments, and loans to and interest receivable from related parties.
- (7) Each ADS represents one Class A ordinary share.

Net income attributable to Weibo’s shareholders decreased from US\$250.5 million for the six months ended June 30, 2020 to US\$130.8 million for the six months ended June 30, 2021. The decrease primarily resulted from (i) total cost and expenses increasing by US\$184.9 million, from US\$546.6 million for the six months ended June 30, 2020 to US\$731.5 million for the same period in 2021, (ii) net income from non-operations of US\$142.4 million for the six months ended June 30, 2020, compared to net loss from non-operations of US\$110.0 million for the same period in 2021, which primarily resulted from US\$69.5 million of fair value change loss from investments in marketable equity securities and US\$66.6 million of investment related impairment, and (iii) partially offset by total revenues increasing by US\$322.6 million, from US\$710.8 million for the six months ended June 30, 2020 to US\$1,033.4 million for the same period in 2021.

Net income attributable to Weibo’s shareholders decreased from US\$494.7 million in 2019 to US\$313.4 million in 2020. The decrease was mainly due to (i) total revenues decreasing by US\$77.0 million, from US\$1,766.9 million in 2019 to US\$1,689.9 million in 2020 and (ii) net loss from non-operations amounting to US\$130.9 million in 2020, which included non-cash investment-related impairment of US\$212.0 million, compared to net income from non-operations of US\$4.8 million in 2019.

Net income attributable to Weibo’s shareholders decreased from US\$571.8 million in 2018 to US\$494.7 million in 2019. The decrease largely resulted from (i) total cost and expenses increasing by US\$60.0 million, from US\$1,109.3 million in 2018 to US\$1,169.3 million in 2019, (ii) net income from non-operations of US\$59.6 million in 2018, decreasing to net income from non-operations of US\$4.8 million in 2019, and (iii) partially offset by total revenues increasing by US\$48.4 million, from US\$1,718.5 million in 2018 to US\$1,766.9 million in 2019.

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### Selected Consolidated Balance Sheet Data

	As of December 31,			As of
	2018	2019	2020	June 30,
	2021			
	(in US\$ thousands)			
Cash and cash equivalents . . . . .	1,234,596	1,452,985	1,814,844	2,005,106
Short-term investments . . . . .	591,269	951,235	1,682,048	930,822
Amount due from SINA . . . . .	105,319	384,828	548,900	498,618
Long-term investments . . . . .	694,586	1,027,459	1,179,466	1,123,258
Total assets <sup>(1)</sup> . . . . .	3,274,682	4,804,186	6,335,117	6,702,725
Convertible debt . . . . .	884,123	888,266	892,399	894,470
Unsecured senior notes . . . . .	—	793,985	1,536,112	1,537,264
Total liabilities <sup>(1)</sup> . . . . .	1,526,544	2,522,367	3,448,787	3,595,107
Net current assets . . . . .	1,839,254	2,835,323	3,876,189	3,560,382
Ordinary shares . . . . .	57	57	57	57
Additional paid-in capital . . . . .	1,071,836	1,133,913	1,201,622	1,239,461
Retained earnings . . . . .	723,181	1,217,856	1,531,220	1,662,068
Non-controlling interests . . . . .	2,679	(1,448)	16,191	28,221
Total shareholders' equity . . . . .	1,748,138	2,281,819	2,828,616	3,038,259

(1) We adopted the new leasing guidance (ASU 2016-2) from January 1, 2019, which requires that a lessee recognize the assets and liabilities that arise from operating leases. We recognized a right-of-use asset and a liability relating to lease payments (the Lease Liability) in the statements of financial position for lease contracts having terms beyond 12 months period.

### Selected Consolidated Cash Flow Data

The following table sets forth the movements of our cash and cash equivalents for the periods presented:

	For the Year Ended December 31,			For the Six Months	
	2018	2019	2020	2020	2021
	(Unaudited)				
	(in US\$ thousands)				
Net cash provided by operating activities . . . . .	488,007	631,653	741,646	185,264	338,357
Net cash used in investing activities . . . . .	(254,032)	(1,201,358)	(1,214,315)	(154,782)	(162,508)
Net cash provided by (used in) financing activities . . . . .	(1,415)	791,869	741,963	1,625	226
Effect of exchange rate changes on cash and cash equivalents . . . . .	1,083	(3,775)	92,565	(12,841)	14,187
Net increase in cash and cash equivalents . . . . .	233,643	218,389	361,859	19,266	190,262
Cash and cash equivalents at the beginning of the year/period . . . . .	1,000,953	1,234,596	1,452,985	1,452,985	1,814,844
Cash and cash equivalents at the end of the year/period . . . . .	1,234,596	1,452,985	1,814,844	1,472,251	2,005,106

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### OUR SHAREHOLDING AND CORPORATE STRUCTURE

#### Our Major Shareholders and Relationship with Controlling Shareholders

As of September 30, 2021, Mr. Charles Chao, our chairman of the board of directors since our inception, was interested in and controlled through SINA Corporation, a wholly owned subsidiary of Sina Group Holding Company Limited, which is a wholly owned subsidiary of New Wave MMXV Limited, a business company incorporated in the BVI and controlled by Mr. Charles Chao, 101,778,958 Class B ordinary shares of our Company. As of September 30, 2021, Mr. Chao controlled approximately 70.6% of the aggregate voting rights in our Company. Immediately following the [REDACTED], Mr. Charles Chao will control approximately [REDACTED] of the aggregate voting rights in our Company, without taking into account any allotment and issuance of Class A ordinary shares upon the exercise of the [REDACTED].

For further details, please see “Major Shareholders” and “Relationship with our Controlling Shareholders”.

#### Weighted Voting Rights Structure and WVR Beneficiary

Under our weighted voting rights structure, our share capital comprises Class A ordinary shares and Class B ordinary shares. Each Class A ordinary share entitles the holder to exercise one vote and each Class B ordinary share entitles the holder to exercise three votes respectively, on all matters that require a shareholder’s vote.

We have applied for[, and the Stock Exchange has granted us,] a waiver from strict compliance with Rule 19C.07(3) of the Hong Kong Listing Rules, which requires that the appointment, removal and remuneration of auditors must be approved by a majority of a listed company’s members or other body that is independent of the listed company’s board of directors.

Furthermore, Rule 19C.07(7) of the Hong Kong Listing Rules requires that members holding a minority shareholding in an issuer’s total number of issued shares must be able to requisition an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer, while the minimum stake as currently set out in our Company’s Articles is at least two shareholders holding not less than one-third of the total voting rights in the paid up capital of our Company. Rule 19C.07(4) requires a general meeting to be held each year as the qualifying issuer’s annual general meeting.

We have applied for[, and the Stock Exchange has granted us,] a waiver from strict compliance with Rule 19C.07(4) and 19C.07(7) of the Hong Kong Listing Rules, on the condition that we will put forth resolutions at the First GM to revise the Articles, so that (i) the minimum stake required to convene an extraordinary general meeting and add resolutions to a meeting agenda will be one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company; (ii) the quorum for a general meeting of the Company will be lowered from the current one or more shareholders holding at least one-third of the aggregate voting power of the Company to one or more shareholders holding at least 10% of the aggregate voting power of the Company; and (iii) we will hold an annual general meeting each year; and we have [obtained] an irrevocable undertaking from our controlling shareholder prior to the date of this document to be present and vote in favor of the proposed resolutions outlined above with a view to ensuring that there may be adequate quorum votes in favor of such resolutions. See “Waivers and Exemptions — Shareholder Protection Requirements” for further details.

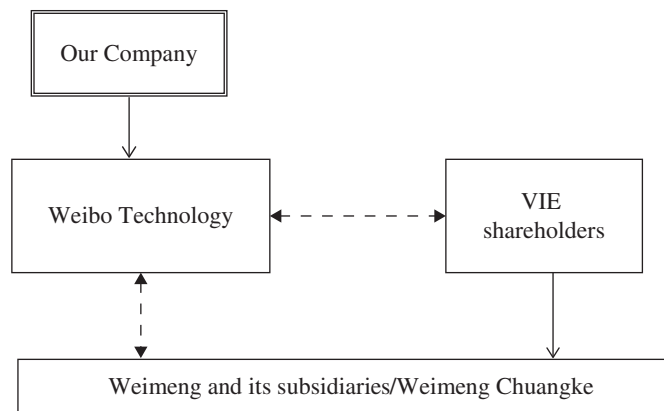
## SUMMARY

Moreover, our Company has [obtained] an undertaking from Alibaba that it will be present and vote in favor of the proposed resolutions outlined above at the First GM and the relevant class meeting (if applicable), and if the proposed resolutions are not approved at the First GM and the relevant class meeting, be present and vote in favor of such proposed resolutions at each subsequent general meeting and class meeting at which our Company puts forth such proposed resolutions until all proposed resolutions are approved.

Notwithstanding the above, the Company intends to hold the First GM on December 1, 2021 to put forth the relevant resolutions for revising the Articles. In the case where the the relevant amendments are approved and adopted at the First GM before the Listing, the above-mentioned waiver as well as the voting undertakings will lapse automatically.

### Our VIE Structure

The diagram below illustrates the general structure of the economic flow and control under our VIE structure created by the contractual arrangements:



*Notes:*

- (1) “—>” denotes the direction of legal and beneficial ownership.
- (2) “<--->” denotes the contractual arrangements among the VIEs, VIE shareholders, and our subsidiaries.

Current PRC laws and regulations impose substantial restrictions on foreign ownership of internet information services and value-added telecommunication service businesses in China. Therefore, we conduct part of our businesses through a series of agreements between Weibo Technology, our PRC subsidiary, Weimeng and Weimeng Chuangke, our consolidated affiliated entities, and/or their respective shareholders. See “History and Corporate Structure — Corporate Structure — Contractual Arrangements” for a summary of the contractual arrangements entered into between Weibo Technology, our consolidated affiliated entities and/or their respective shareholders.

Additionally, we have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws. Accordingly, PRC regulatory authorities or courts may take a view that is contrary to the opinion of our PRC Legal Adviser. It is uncertain whether any new PRC laws relating to contractual arrangements will be adopted, what the laws would provide. If we or any of the VIEs is found to be in violation of existing or future PRC laws, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authority would have

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## SUMMARY

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broad discretion to take action in dealing with the violation or failure, in which case we could be subject to severe penalties, including being prohibited from continuing our operations or unwinding the contractual arrangements. See “Risk Factors — Risks Relating to Our Corporate Structure” and “Risk Factors — Risks Relating to Doing Business in the People’s Republic of China”.

### RISK FACTORS

Our business and the [REDACTED] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your investment. See “Risk Factors” for details of our risk factors, which we strongly urge you to read in full before making an investment in our Shares. Some of the major risks we face include:

- If we fail to grow our active user base, or if user engagement on our platform declines, our business, financial condition and operating results may be materially and adversely affected.
- If our users and platform partners do not continue to contribute content or their contributions are not valuable to other users, we may experience a decline in user traffic and user engagement.
- We rely on our partnership program with channel partners, which mainly include application pre-install partners, programmatic buying partners and application marketplaces, to drive traffic to our platform, and if our partnership program becomes less effective or if the smartphone market and shipment in China slow down compared to the prior years, traffic to our platform could decline and our business and operating results could be adversely affected.
- If we are unable to compete effectively for user traffic or user engagement, our business and operating results may be materially and adversely affected.
- We may not be able to maintain or grow our revenues or our business.
- We generate a substantial majority of our revenues from online advertising and marketing services. If we fail to generate sustainable revenue and profit through our advertising and marketing services, our result of operations could be materially and adversely affected.
- If the PRC government finds that the agreements establishing the structure for operating our businesses in China do not comply with PRC regulations on foreign investment in internet and other related businesses, or if these regulations or their interpretation change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.
- Adverse changes in China’s or global economic and political policies could have a material and adverse effect on overall economic growth in China, which could materially and adversely affect our business.
- We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

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## SUMMARY

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### USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED] after deducting estimated [REDACTED] fees and the estimated [REDACTED] payable by us and based upon [REDACTED], [REDACTED] per [REDACTED] for both the [REDACTED] and the [REDACTED], and assuming that the [REDACTED] is not exercised, or [REDACTED] if the [REDACTED] is exercised in full. We plan to use the [REDACTED] we will receive from the [REDACTED] for the following purposes:

- approximately [REDACTED] (approximately [REDACTED], assuming that the [REDACTED] is not exercised) for continuing to grow our user base and user engagement, and enhance our content ecosystem. We will nurture our content ecosystem for users, customers and content creators, further develop innovative products and features, expand our user reach by executing channel marketing strategies and promotional activities.
- approximately [REDACTED] (approximately [REDACTED], assuming that the [REDACTED] is not exercised) for research and development to enhance our user experience and monetization capabilities. We plan to refine our recommendation engine to improve the relevance of information we push to users. We will continue to improve our proprietary hybrid cloud platform and further scale up our IT infrastructure, including our video platform and live streaming system. We plan to research and develop technologies to improve user experience and to support the expansion of our business. We also plan to recruit, train and retain more research and development talents for these purposes.
- approximately [REDACTED] (approximately [REDACTED], assuming that the [REDACTED] is not exercised) for selectively pursuing strategic alliances, investments and acquisitions. We plan to form strategic alliances and partnerships and pursue investments and acquisitions in businesses that are synergistic and complementary to our ecosystem and to further diversify our monetization channels. As of the Latest Practicable Date, we have not identified any specific target of potential merger or acquisition.
- approximately [REDACTED] (approximately [REDACTED], assuming that the [REDACTED] is not exercised) for working capital and general corporate purposes.

See “Use of [REDACTED]” for further details.

### THE LISTING

Our ADSs have been listed and traded on the Nasdaq since April 17, 2014. Dealings in our ADSs on the Nasdaq are conducted in U.S. dollars. We have applied for a [REDACTED] of our Class A ordinary shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers) of the Hong Kong Listing Rules. [REDACTED] in our Class A ordinary shares on the Hong Kong Stock Exchange will be conducted in Hong Kong dollars. Our Class A ordinary shares will be [REDACTED] on the Hong Kong Stock Exchange in [REDACTED] of [REDACTED] Shares. For additional information, see “Information about This Document and the [REDACTED].”

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## SUMMARY

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As we are seeking a listing as a Grandfathered Greater China Issuer pursuant to Chapter 19C of the Listing Rules with a WVR structure, certain shareholder protection measures and governance safeguards under Chapter 8A of the Hong Kong Listing Rules (Weighted Voting Rights) do not apply to us pursuant to Rule 19C.12 and our Articles differ from Chapter 8A in a number of ways, including the following:

- Chapter 8A prohibits the increase in the proportion of shares with WVRs after the Listing and, where there is a reduction in the number of issued shares, requires shares with WVRs to be reduced proportionately. Our Articles do not contain such restrictions on the Class B ordinary shares;
- Chapter 8A requires (a) amendments to a listed issuer’s constitutional documents, (b) variation of rights attached to any class of shares, (c) the appointment or removal of an independent non-executive director, (d) the appointment or removal of auditors and (e) the voluntary winding-up of a listed issuer to be subject to shareholder approval on a one vote per share basis. Our Articles do not contain such provisions;
- we do not have a corporate governance committee. Therefore, there is not a charter that contains the terms otherwise required under Rule 8A.30 and Code Provision D.3.1 of Appendix 14 to the Hong Kong Listing Rules. For more details of the charter of our corporate governance committee, please see “Directors and Senior Management — Board Practices”; and
- the independent non-executive directors of a listed issuer with a WVR structure must be subject to retirement by rotation at least once every three years under Chapter 8A, whereas our Articles do not provide for a term of office for our directors.
- the WVR beneficiary’s voting rights must cease if the beneficiary is deceased, no longer a member of the board, or deemed by the Hong Kong Stock Exchange to no longer meet the requirements of or be incapacitated for the purpose of performing his duties as a director. Notwithstanding the foregoing, the existing Articles stipulate that, if at any time SINA and its affiliates in aggregate hold less than 5% of the issued Class B ordinary shares in our capital, the WVR beneficiaries’ weighted voting rights will cease. Furthermore, we will make certain changes to the Articles at the First GM to the effect that, if the Class B ordinary shares are no longer under the control of the existing WVR beneficiaries or their affiliates, all of the relevant Class B ordinary shares held by it shall be automatically converted into Class A ordinary shares. For further details, see the section headed “Waivers and Exemptions — Shareholder Protection Requirements — Other Proposed Amendments to the Articles”.

Prospective investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR beneficiaries will be in a position to exercise their higher voting power to influence the affairs of our Company and the outcome of shareholders’ resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to [REDACTED] in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, please refer to “Risk Factors — Risks Related to Our Corporate Structure.”

As a result, our Articles provide less shareholder protection and have fewer governance safeguards than if our Company were subject to Chapter 8A in its entirety.



## SUMMARY

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### WAIVERS AND EXEMPTIONS

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the Listing, we have applied for a number of waivers and/or exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the SFO and a ruling under the Takeovers Codes. We have applied for[, and the Hong Kong Stock Exchange has granted,] a waiver from strict compliance with the requirements in Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to spin-off one or more of our businesses within three years of the Listing. For additional information, see “Waivers and Exemptions” of this document.

We enjoy exemptions from certain obligations under U.S. securities laws and Nasdaq rules as a foreign private issuer as defined under the U.S. Exchange Act. Investors should exercise care when investing in our Shares and/or ADSs. See “Information about this Document and the [REDACTED] — Summary of Exemptions as a Foreign Private Issuer in the U.S.”

[REDACTED]

## SUMMARY

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[REDACTED]

### LISTING EXPENSES

We expect to incur listing expenses of approximately [REDACTED], accounting for [REDACTED] of [REDACTED], after June 30, 2021, including [REDACTED]-related expenses of approximately [REDACTED], and non-[REDACTED] related expenses of approximately [REDACTED] which consist of fees and expenses for legal advisors and accountants of approximately [REDACTED] and other fees and expenses of approximately [REDACTED] (assuming that the [REDACTED] is conducted at the indicative [REDACTED] per [REDACTED] of [REDACTED] for both [REDACTED] and [REDACTED] and the [REDACTED] is not exercised). We expect approximately [REDACTED] of the listing expenses will be recorded as a deduction in equity directly and approximately [REDACTED] of the listing expenses will be charged to the profit or loss of our Company.

### DIVIDEND POLICY

Our board of directors has complete discretion on whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares or ADSs. We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. See “Financial Information — Dividend Policy.”

## SUMMARY

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### NO MATERIAL ADVERSE CHANGE

Our directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2021 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there has been no event since June 30, 2021 which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report in Appendix IA to this document.

### IMPACT OF COVID-19 AND RECENT DEVELOPMENT

The COVID-19 pandemic has had, and, together with any subsequent outbreaks driven by new variants of COVID-19, may continue to have, a significant impact on our operations and financial results. The outbreak of COVID-19 has caused our advertising and marketing customers to reduce their advertising budgets, which has affected our advertising revenues and financial performance in the year of 2020, particularly in its first half. The COVID-19 pandemic has caused negative impact to our total revenues, slower collection of accounts receivables, and additional allowance for credit losses. Our advertising business has been gradually recovering, underpinned by improved advertiser sentiment, following the effective control of the domestic outbreaks and work resumption. In China, business activities have largely resumed, governmental emergency measures have been significantly relaxed, and the general economy is gradually recovering. Recently, there has been an increasing number of COVID-19 cases, including the COVID-19 Delta variant cases, in multiple cities in China. The Chinese local authorities have reinstated certain measures to keep COVID-19 in check, including travel restrictions and stay-at-home orders, and we may have to adjust various aspects of our operations. In addition, the highly-transmissible Delta variant of COVID-19 has caused authorities in various countries to reimpose restrictions such as mask mandates, curfews and prohibitions on large gatherings. There remain significant uncertainties surrounding COVID-19, including the existing and new variants of COVID-19, and its further development as a global pandemic, including the effectiveness of vaccine programs against existing and any new variants of COVID-19, and their impacts on our customers’ advertising budget and spending more broadly. The extent of any business disruption and the related impact on our financial results and outlook cannot be reasonably estimated at this time. See also “Risk Factors — Risks Relating to Our Business — We face risks related to health epidemics and other outbreaks, such as the outbreak of COVID-19, as well as natural disasters, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.”

## SUMMARY

### Financial Results for the Nine Months Ended September 30, 2021

The following table sets forth a summary of our consolidated results of operations for the periods presented. This information should be read together with our unaudited interim condensed consolidated financial statements included in Appendix IB to this document. The results of operations in any period are not necessarily indicative of our future trends.

	<b>For the Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(In US\$ thousands, except for per share and per ADS data)</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Interim Condensed Consolidated Statements of Operations Data:</b>		
Revenues:		
Advertising and marketing revenues:		
Third parties	852,263	1,198,168
Alibaba <sup>(1)</sup>	112,906	134,892
SINA	34,149	58,178
Other related parties	33,360	38,731
Subtotal	1,032,678	1,429,969
Value-added services revenues	143,843	210,827
Total revenues	1,176,521	1,640,796
Costs and expenses:		
Cost of revenues <sup>(2)</sup>	214,892	275,296
Sales and marketing <sup>(2)</sup>	316,483	439,207
Product development <sup>(2)</sup>	233,881	316,806
General and administrative <sup>(2)</sup>	86,111	94,597
Total costs and expenses	851,367	1,125,906
Income from operations	325,154	514,890
Income from equity method investments	4,422	17,688
Realized gain from investments	848	1,299
Fair value changes through earnings on investments, net	127,641	(33,073)
Investment related impairment <sup>(3)</sup>	(117,835)	(102,594)
Interest income	65,667	56,909
Interest expense	(39,677)	(53,255)
Other income, net	3,889	3,147
Income before income tax expenses	370,109	405,011
Less: Provision of income taxes	86,630	93,260
Net income	283,479	311,751
Less: Net loss attributable to non-controlling interests	(843)	(835)
Net income attributable to Weibo’s shareholders	284,322	312,586

## SUMMARY

	<b>For the Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(In US\$ thousands, except for per share and per ADS data)</b>	
	<i>(Unaudited)</i> <i>(Unaudited)</i>	
Shares used in computing net income per share attributable to Weibo’s shareholders:		
Basic . . . . .	226,728	228,185
Diluted . . . . .	227,352	229,765
Income per ordinary share:		
Basic . . . . .	1.25	1.37
Diluted . . . . .	1.25	1.36
Income per ADS <sup>(4)</sup> :		
Basic . . . . .	1.25	1.37
Diluted . . . . .	1.25	1.36

*Note:*

- (1) We recorded US\$92.5 million and US\$94.1 million in advertising and marketing revenues from Alibaba for the nine months ended September 30, 2020 and 2021, respectively. Moreover, one of Alibaba’s subsidiaries engaged in the business of advertising agency and contributed another US\$20.4 million and US\$40.8 million to our total revenues for the nine months ended September 30, 2020 and 2021, respectively.

	<b>For the Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2021</b>
	<b>(in US\$ thousands)</b>	
	<i>(Unaudited)</i> <i>(Unaudited)</i>	
(2) Stock-based compensation in each category:		
Cost of revenues . . . . .	3,909	5,690
Sales and marketing . . . . .	6,886	10,249
Product development . . . . .	22,890	29,260
General and administrative . . . . .	14,100	16,059
Total . . . . .	47,785	61,258

- (3) Investment related impairment includes impairment charges to equity investments, investment prepayments and loans to and interest receivable from related parties.
- (4) Each ADS represents one Class A ordinary share.

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## SUMMARY

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### *Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020*

#### *Net Revenues*

Our revenues increased by 39% from US\$1,176.5 million in the nine months ended September 30, 2020 to US\$1,640.8 million in the nine months ended September 30, 2021.

- *Advertising and marketing revenues.* Advertising and marketing revenues increased by 38% from US\$1,032.7 million in the nine months ended September 30, 2020 to US\$1,430.0 million in the nine months ended September 30, 2021. Mobile advertising revenues accounted for approximately 93% of our total advertising and marketing revenues in the nine months ended September 30, 2021, compared to 90% in the nine months ended September 30, 2020, benefiting from the growth of advertiser preferences. The total number of advertisers was 0.8 million in the nine months ended September 30, 2021, compared to 1.4 million in the nine months ended September 30, 2020, while the average spending per advertiser (excluding Alibaba) increased by 152% from US\$649 in the nine months ended September 30, 2020 to US\$1,637 in the nine months ended September 30, 2021, both of which were primarily due to the churn of individual customers with relatively lower advertising budgets.

Revenues from advertising customers (excluding Alibaba) increased by 42% from US\$940.2 million in the nine months ended September 30, 2020 to US\$1,335.9 million in the nine months ended September 30, 2021, primarily attributable to a broad-based increase in advertising demand and strong sales execution. Revenues generated from Alibaba as an advertiser increased by 2% from US\$92.5 million in the nine months ended September 30, 2020 to US\$94.1 million in the nine months ended September 30, 2021. The advertising spending from Alibaba highly correlates to its own business operation, especially its marketing strategies, which fluctuates from time to time.

- *Value-added services revenues.* Value-added services revenues increased by 47% from US\$143.8 million in the nine months ended September 30, 2020 to US\$210.8 million in the nine months ended September 30, 2021. The increase primarily attributable to the increase of game-related revenues from US\$0.9 million for the nine months ended September 30, 2020 to US\$78.1 million for the nine months ended September 30, 2021, contributed by the interactive entertainment company acquired in the fourth quarter of 2020 and incremental revenues from online game services, partially offset by the decrease of revenue from live streaming business from US\$30.7 million to US\$11.9 million as a result of intense market competitions.

#### *Costs and Expenses*

Our costs and expenses increased by 32% from US\$851.4 million in the nine months ended September 30, 2020 to US\$1,125.9 million in the nine months ended September 30, 2021.

- *Cost of Revenues.* Cost of revenues increased by 28% from US\$214.9 million in the nine months ended September 30, 2020 to US\$275.3 million in the nine months ended September 30, 2021. The increase was primarily due to an increase of US\$22.4 million in labor cost, an increase of US\$11.4 million in advertisement production cost, an increase of US\$6.6 million in revenue share cost, an increase of US\$6.6 million in turnover taxes, and an increase of US\$6.2 million in content cost.

## SUMMARY

- *Sales and Marketing.* Our sales and marketing expenses increased by 39% from US\$316.5 million in the nine months ended September 30, 2020 to US\$439.2 million in the nine months ended September 30, 2021. The increase was primarily due to an increase of US\$82.7 million in marketing spend and promotional activities, and an increase of US\$34.0 million in personnel-related expenses.
- *Product Development.* Our product development expenses increased by 35% from US\$233.9 million in the nine months ended September 30, 2020 to US\$316.8 million in the nine months ended September 30, 2021. The increase was primarily attributable to an increase of US\$54.9 million in personnel-related expenses, an increase of US\$6.4 million in stock-based compensation, and an increase of US\$13.4 million in amortization of intangible assets.
- *General and Administrative.* Our general and administrative expenses increased by 10% from US\$86.1 million in the nine months ended September 30, 2020 to US\$94.6 million in the nine months ended September 30, 2021. The increase was primarily due to the increase of US\$35.8 million in personnel-related expenses and an increase of US\$6.5 million in professional services fees. The increase was partially offset by a decrease of US\$39.7 million in provision of allowance for credit losses.

### *Investment Related Impairment*

We perform impairment assessments of our investments and determine if an investment is impaired due to changes in quoted market price or other impairment indicators. We recorded US\$117.8 million and US\$102.6 million in investment related impairment charges in the nine months ended September 30, 2020 and 2021, respectively, as the investments were not performing to expectations or they became incapable of making repayments.

### *Interest Income and Interest Expense*

Compared to the interest expense for the nine months ended September 30, 2020, the increase in interest expense for the nine months ended September 30, 2021 was mainly due to the 2030 Notes issued in July 2020.

### *Provision of Income Taxes*

The following table sets forth current and deferred portion of income tax expenses of the Company and the effective tax rate for China operations:

	For the Nine Months Ended September 30,	
	2020	2021
	(in US\$ thousands except percentage)	
	(unaudited)	(unaudited)
Deferred tax provisions (benefits) .....	11,682	(11,546)
Current income tax expenses .....	74,948	104,806
Income tax expenses .....	86,630	93,260

## SUMMARY

	For the Nine Months Ended September 30,	
	2020	2021
	(in US\$ thousands except percentage) ( <i>unaudited</i> )	
Income tax expenses (benefits) applicable to non-China operations . . . . .	12,358	(9,757)
Income tax expenses applicable to China operations . . . . .	74,272	103,017
Income from China operation . . . . .	305,630	603,409
Effective tax rate for China operations . . . . .	24.3%	17.1%

We recorded income taxes of US\$86.6 million and US\$93.3 million in the nine months ended September 30, 2020 and 2021, respectively. The provision for income taxes for China operations differs from the amounts computed by applying the statutory EIT rate mostly due to the preferential tax treatment that Weibo Technology enjoyed as a qualified “high and new technology enterprise” during the periods presented.

### *Cash Flow Data*

The following table sets forth the movements of our cash and cash equivalents for the periods presented:

	For the Nine Months Ended September 30,	
	2020	2021
	(in US\$ thousands except percentage) ( <i>unaudited</i> )	
Net cash provided by operating activities . . . . .	420,495	564,352
Net cash used in investing activities . . . . .	(1,240,855)	(567,860)
Net cash provided by financing activities . . . . .	741,963	1,214
Effect of exchange rate changes on cash and cash equivalents . . . . .	37,341	16,141
Net increase (decrease) in cash and cash equivalents . .	(41,056)	13,847
Cash and cash equivalents at the beginning of the year/period . . . . .	1,452,985	1,814,844
Cash and cash equivalents at the end of the period . . .	<u>1,411,929</u>	<u>1,828,691</u>

As of December 31, 2020, and September 30, 2021, our total cash, cash equivalents and short-term investments were US\$3,496.9 million and US\$2,707.2 million, respectively. Our principal sources of liquidity have been net proceeds from cash from operations and issuance of unsecured senior notes.

Net cash provided by operating activities for the nine months ended September 30, 2021 was US\$564.4 million, which consists of our net income of US\$311.8 million as adjusted for non-cash items and the effects of changes in operating assets and liabilities. Adjustments for non-cash items primarily include a non-cash investment related impairment of US\$102.6 million, a charge of US\$61.3 million in stock-based compensation, a charge of US\$40.2 million in depreciation and amortization and a net loss of US\$33.1 million in fair value changes



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## SUMMARY

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through earnings on investments. The principal items accounting for the changes in operating assets and liabilities include an increase of US\$190.3 million in accrued and other liabilities, a decrease of US\$38.7 million in amount due from Alibaba, and an increase of US\$24.3 million in accounts payable, partially offset by an increase of US\$241.3 million in accounts receivable due from third parties.

Net cash used in investing activities for the nine months ended September 30, 2021 was US\$567.9 million. This was primarily attributable to cash paid on long-term investments of US\$1,471.3 million, purchases of bank time deposits and wealth management products of US\$560.2 million, prepayment for purchase of SINA Plaza of US\$132.5 million, net cash paid for acquisitions of US\$61.2 million, partially offset by maturities of bank time deposits and wealth management products of US\$1,371.9 million, proceeds from the disposal and refund of prepayment on long-term investments of US\$242.6 million, and net repayment of loan by SINA of US\$66.4 million.

Net cash provided by financing activities for the nine months ended September 30, 2021 was US\$1.2 million, which consists of proceeds from the exercise of employee stock options.

### *Capital Expenditures*

Our capital expenditures primarily consist of purchases of servers, computers and other office equipment. Our capital expenditures were US\$23.8 million for the nine months ended September 30, 2021. We will continue to make capital expenditures for the future growth of our business and we intend to fund these purchases in the future with existing cash balance.

### *Key Operating Metrics*

Our MAUs increased from 511 million in September 2020 to 573 million in September 2021. Mobile MAUs represented 94% of MAUs. Our average DAUs increased from 224 million in September 2020 to 248 million in September 2021. The ratio of average DAUs to MAUs in September 2021 remained stable at 43%.

## RECENT REGULATORY DEVELOPMENTS

### **Cybersecurity**

On July 30, 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), effective on September 1, 2021, which provides that a “critical information infrastructure” has the meaning of an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental departments and supervision and management departments of the aforementioned important industries will be responsible for organizing the identification of critical information infrastructures in their respective industries.

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On July 10, 2021, the CAC published a discussion draft of the amended Measures for Cybersecurity Review (《網絡安全審查辦法(修訂草案徵求意見稿)》), which provides that certain operators of critical information infrastructure purchasing network products and services, and data processors (together with the operators of critical information infrastructure, the “**Operators**”) carrying out data processing activities that affect or may affect national security must apply with the Cybersecurity Review Office for a cybersecurity review. For details, see “Regulatory Overview.” As a major internet platform, we are at risk of being deemed to be an Operator which, however, is subject to significant uncertainties as explained below.

- Under the current PRC cybersecurity laws, operators of “critical information infrastructure” that intend to purchase internet products and services that will or may affect national security must apply for a cybersecurity review. However, as advised by our PRC Legal Adviser, the scope of operators of “critical information infrastructure” under the current regulatory regime remains unclear and is subject to the decisions of competent PRC regulatory authorities.
- Although the internet products and services we purchase are primarily bandwidth, copyright content and marketing services, we may be subject to cybersecurity review when purchasing them in the future. As of the date of this document, we have not been involved in any investigations or cybersecurity reviews by the CAC for making those purchases of internet products and services during the Track Record Period, and we have not received any inquiry, notice, warning, or sanction in such respect.
- The definition and scope of activities of data processing that will or may affect national security is similarly unclear and subject to the regulatory interpretation.

An Operator could be required to fulfill various obligations, including setting up a special security management organization, organizing regular cybersecurity education and training, formulating emergency plans for cybersecurity incidents and conducting regular emergency drills, and we have already performed the aforementioned measures. We have not fulfilled obligations that are only applicable and available if being recognized as an operator of “critical information infrastructure,” such as conducting network security inspections and risk assessments on critical information infrastructure at least once a year either through self-assessment or through a cybersecurity service agency, timely correcting any security issues discovered, and reporting relevant matters as required by the security protection departments. Additional compliance efforts could disrupt our operations and adversely affect our business, results of operations and financial condition.

As there is no timetable as when this discussion draft of the amended Measures for Cybersecurity Review will be enacted, substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation. See “Risk Factors – Substantial uncertainties exist with respect to the interpretation and implementation of cybersecurity related regulations and cybersecurity review as well as any impact these may have on our business operations.”

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On November 14, 2021, the CAC published a discussion draft of the Administrative Measures for Internet Data Security (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Measures for Internet Data Security, which provides that data processors conducting the following activities shall apply for cybersecurity review: (i) merger, reorganization or division of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (ii) listing abroad (國外上市) of data processors processing over one million users’ personal information; (iii) listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. As of the date of this document, this draft has not been formally adopted. Substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation, especially the detailed interpretation of the standard for determining whether a listing in Hong Kong “affects or may affect national security.” See “Risk Factors – Substantial uncertainties exist with respect to the interpretation and implementation of cybersecurity related regulations and cybersecurity review as well as any impact these may have on our business operations.”

### **Anti-monopoly and competition**

On August 17, 2021, the State Administration for Market Regulation issued a discussion draft of Provisions on the Prohibition of Unfair Competition on the Internet (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), under which business operators should not use data or algorithms to hijack traffic or influence users’ choices, or use technical means to illegally capture or use other business operators’ data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) employ marketing practices such as fake reviews or use coupons or “red envelopes” to entice positive ratings.

On September 11, 2020, the Anti-Monopoly Commission of the State Council issued Anti-Monopoly Compliance Guideline for Operators (《經營者反壟斷合規指南》), which requires operators to establish anti-monopoly compliance management systems under the PRC Anti-Monopoly Law to manage anti-monopoly compliance risks. On February 7, 2021, the Anti-Monopoly Commission of the State Council published Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》) that specified circumstances where an activity of an internet platform will be identified as monopolistic act as well as concentration filing procedures for business operators, including those involving variable interest entities. In August 2021, the SAMR issued two investigation notices to Weimeng Chuangke regarding alleged illegal concentration of business operators under the Anti-Monopoly Law, among which, one resulted in a fine of RMB500,000 for concentration of business operators without prior filing pursuant to the Anti-Monopoly Law (中華人民共和國反壟斷法) and the other one is still under investigation as of the date of this document. Weimeng Chuangke is actively cooperating with the SAMR on such investigation. We are not able to predict the status or the results of the investigation at this stage. According to the PRC Anti-Monopoly Law (中華人民共和國反壟斷法), if a business operator carries out a concentration in violation of the law, the relevant authority shall order the business operator to terminate the concentration, dispose of the shares or assets or transfer the business within a specified time limit, or take other measures to restore the pre-concentration status, and impose a fine of up to RMB500,000. As such, our PRC legal adviser is of the view that we could be subject to fines of up to RMB500,000 and other legal actions by the SAMR for such concentration.

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On October 23, 2021, the Standing Committee of the National People’s Congress issued a discussion draft of the amended Anti-Monopoly Law, which proposes to increase the fines for illegal concentration of business operators. The draft also proposes that the relevant authority shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold. We are of the view that the strengthened enforcement of the Anti-Monopoly Law could result in investigations on our acquisition transactions conducted in the past and make our acquisition transactions in the future more difficult due to the prior filing requirement. See “Risk Factors — Any failure or perceived failure by us to comply with the Anti-Monopoly Guidelines for Internet Platforms Economy Sector and other PRC anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.”

### **Algorithm recommendation**

On August 27, 2021, the CAC issued a discussion draft of Administrative Provisions on Algorithm Recommendation of Internet Information Services (《互聯網信息服務算法推薦管理規定(徵求意見稿)》), which, among others, requires algorithm recommendation service providers to publicly disclose the basic principles, purposes, intention, and operating mechanism of their algorithm-related products. If this draft is enacted as proposed, we may need to further adjust our business and operations. We have publicly disclosed the operation mechanism for “Weibo hot search” in the Weibo Hot Search Management Rules, which are posted as a Weibo community announcement. We have also provided an option for our users to adjust the algorithm-driven recommendations settings for content and advertisements. A user can click to deactivate “personalized ads recommendation” function to lower the relevancy of the ads pushed to this user, and to deactivate “personalized content recommendation” function to lower relevancy of the content recommended to this user. We have been advised by our PRC Legal Adviser that our current approaches are in compliance with effective laws and regulations for algorithm recommendation in all material aspects as of the date of this document, however, since this draft has not been enacted as of the date of this document, the potential impact on our business operations is still substantially uncertain and the PRC regulatory authorities could take a contrary view over our current efforts as described above. During the Track Record Period, we generated approximately 55% to 65% of our advertising and marketing revenues from the provision of promoted marketing products, which however, included advertisements that are not targeting advertising using algorithm recommendation engine and reach users universally. Furthermore, multiple factors, such as the content quality, product strategy, and algorithm technology, are inextricably intertwined in contributing to the revenue of our advertisement products, among which attribution from algorithm recommendation is only one factor. If the draft is enacted as proposed, the impact on our SIG recommendation engine still depends largely on the number of users who actually turn off our algorithm recommendation services. If such opt-out ratio turns out to be on the high end, the advertisement efficiency on our platform may ultimately be lowered and our business operations may be adversely affected.

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On September 17, 2021, the CAC, together with eight other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (關於加強互聯網信息服務算法綜合治理的指導意見), which provides that daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the relevant regulators, and security assessments of algorithm shall be conducted by the relevant regulators. The guidelines also provide that an algorithm filing system shall be established and classified security management of algorithms shall be promoted. The Company will closely monitor the regulatory development and adjust its business operation from time to time to comply with the regulations over algorithm.

### Others

On August 30, 2021, the NPPA issued the Notice on Further Strict Management to Prevent Minors from Indulging in Online Games (《關於進一步嚴格管理切實防止未成年人沉迷網絡遊戲的通知》), which requires all online game operators to provide services to minors only on any Friday, Saturday, Sunday and statutory holidays from 8:00 p.m. to 9:00 p.m., i.e. for one hour, and not to provide online games in any form to users who have not registered or logged in with their real names. In addition to the real-name registration system already in place, we have adjusted the systems in the games operated by us to comply with the requirements under this notice. The revenue contributed by online games accounted for an insignificant portion of our total revenue during the Track Record Period. We are of the view that this notice will not have a material adverse impact on our business operation or financial results.

The Cyberspace Administration of China launched a “Fan Group Chaos Rectification” special action on June 15, 2021, followed by the issuance of the Notice on Further Strengthening the Management of Chaos in Fan Groups (《關於進一步加強“飯圈”亂象治理的通知》) on August 25, 2021. Both of the special action and notice are intended to rectify chaos in online fan groups for celebrities, specifically, in features such as celebrity rankings, hot topics, fan communities, and fans interactive functions, so as to curb verbal abuse, stigmatization, instigation, confrontation, insults, slander, rumors, malicious marketing and the spread of other harmful information. This notice requested, among other things, the cancellation of all rankings of celebrities. The rankings of music, film and television works are still allowed, but the network platforms should optimize and adjust ranking rules to focus on the art works themselves and professional evaluation. Furthermore, minors are not allowed to make virtual gifting or spending money on supporting idols, or act as the organizer or manager of a fan group. As of the Latest Practicable Date, we have taken measures specified in this notice to the extent applicable to our business, including removing the function of star power list on our platform.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”), effective from November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, transfer, and security. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to correct, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

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On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Strictly Combating Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which emphasize on the prevention of illegal securities activities and tightened supervision over overseas listings by China-based companies. The opinions aim to achieve this by establishing a regulatory system and revising the existing rules for overseas listings by Chinese entities and affiliates, including potential extraterritorial application of China’s securities laws. As the opinions are new, official guidance and implementation rules have not been issued and the final interpretation of and potential impact from these opinions remain unclear at this stage. See “Risk Factors — The approval of the CSRC or other PRC government authorities may be required in connection with this offering under PRC law, and, if required, we cannot predict whether we will be able to obtain such approval.” As of the date of this document, we have not received any inquiry, notice, warning, or sanction regarding this offering from the CSRC or any other PRC government authorities.

On October 26, 2021, the CAC issued draft Administrative Provisions on the Account Names of Internet Users (互聯網用戶賬號名稱信息管理規定(徵求意見稿)), revising the Regulations on the Administration of Internet User Account Names (互聯網用戶賬號名稱管理規定). This draft requires Internet user account service platforms to, among others, establish, improve and strictly implement account name information management system, information content security system, and personal information protection system, and establish an account name information dynamic check patrol system for the verification of real identity information. As of the date of this document, this draft has not been formally adopted. Substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation. We are still in the process of evaluating the effect of the requirements under this draft on our business and will make necessary adjustments to our business to comply with the applicable requirements. If such draft is enacted as proposed, it would be costly for us to make more efforts on monitoring and managing user account names to comply with these requirements.

On October 8, 2021, the National Development and Reform Commission issued a discussion draft of the Negative List for Market Access (2021 Version) (市場准入負面清單(2021年版)), which provides that, among others, non-state-capitalized entities shall not conduct the business of news collecting, editing, releasing and reporting. Weibo does not collect, edit, release or report news by itself. Weibo holds an Internet News and Information Service License, which allows it to provide the service of reposting news information and operating a platform to disseminate news information. The draft Negative List also provides that non-state-capitalized entities shall not engage in live streaming of political, economic, military, diplomatic, major social, cultural, scientific and technological, health, education, sports and other activities and events related to political direction, public opinion orientation and value orientation. The scope of live streaming business under this list is relatively broad and vague, and is subject to further clarifications and interpretations by the regulator. However, as we generated less than 5% of our net revenues from live streaming, we do not believe this new requirement would have a material adverse impact on our business operations or financial results. As of the date of this document, this draft has not been formally adopted. Substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation. If this draft is enacted as proposed, we may need to further adjust our business and operations, which may be adversely affected.

## SUMMARY

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Based on the foregoing and the currently effective PRC laws, we and our PRC Legal Adviser are of the view that the above recent changes in PRC laws and regulations will not affect our compliance with laws and regulations in any material aspects as of the date of this document. As of the date of this document, except as disclosed above, we were not involved in any enquiry, review or investigations by the CAC or other authorities in respect of the above recently promulgated laws and regulations.

However, we and PRC Legal Adviser cannot preclude the possibilities that new rules or regulations promulgated in the future will impose additional compliance requirements on us. PRC regulations may change from time to time which may influence our business operation and operation results. Our efforts to comply with new and changing laws are likely to result in increased costs and risks of non-compliance. See “Risk Factors – We are subject to changing laws and regulations regarding regulatory matters, corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.”